



Government
Office for Science

 Foresight

Cities and public policy: a review paper

Future of cities: working paper

Foresight, Government Office for Science

Cities and public policy: a review paper

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August 2015

This review has been commissioned as part of the UK government's Foresight Future of Cities project. The views expressed do not represent policy of any government or organisation.

Contents

1. Introduction	4
2. Explicit urban policy	8
Later area-based initiative policies.....	12
3. Implicit urban policy.....	17
The regional distribution of identifiable public expenditure, 1998-99 to 2012-13	18
The economic performance of UK cities: Domestic and international comparisons.....	25
4. Cities, sub-national governance and policy delivery.....	27
The powers of cities.....	27
Urbanisation and local government reform	27
The rehabilitation of city-regions?	29
Devolution and cities.....	31
5. Potential futures for urban policies and governance.....	33
Future scenarios for cities and public policy.....	35
Potential pathways	41
Appendix - Tables.....	48
References.....	52

I. Introduction

This review paper, for the 'Future of Cities' Foresight programme examines three principal components which together encompass 'urban policy' in the most expansive sense of that term. They are:

- the evolution and impact of 'explicit' urban policies, as defined by the totality of programmes that UK (or devolved) governments have labelled 'urban' and/or have targeted specifically upon urban areas over the years;
- the urban implications of nominally 'place blind', mainstream policies whose design rarely takes their spatial implications into consideration but whose impacts, by their very nature, are geographically uneven, and therefore affect cities differentially, and;
- the role that 'the urban', as variously characterised (or ignored) for administrative purposes, has played in the sub-national delivery of public policies and services.

The logic of bringing these three aspects of 'urban policy' together is twofold. First, and given that much commentary on urban policy has traditionally focused only on the first of these three categories, it provides a comprehensive way of assessing how public policy choices and processes of institutional reform have affected cities, in the round, over time. We assume that in a unitary state such as the UK, where national government is the constitutionally superior body but the bulk of public services is delivered sub-nationally, the way to assess how cities fare as a result of public policy and the institutional arrangements by which they are delivered is to ask (a) what governments have tried to do specifically for (at least some) cities, or parts thereof, (b) what cities have derived from broader policy choices that impact, incidentally, upon patterns of change, and (c) what 'cities', however that term is understood and reflected in institutional design, are empowered to do for themselves.

Second, our approach follows in the tradition of UK (and/or devolved) governments' 'urban' policy statements which, when attempting to account for the impacts that public policies have had on cities, have tended to range across all three components. Such statements (see, e.g., HMSO 1977, 1988, 2001) have invariably focused upon policies and programmes that have been (or are intended to be) specifically targeted on urban areas. However they have also typically made reference to other (national) policies from which cities, amongst other places, ostensibly derive benefit and to changes in sub-national policy designs and the institutional structures through which they are delivered that are argued to be advantageous to cities.

As with all of the review papers for the programme, ours is tasked with looking back to 1965, in order to present a picture of long-run change, and to look forward to 2065, in order to offer an informed, if inevitably impressionistic, reading of ways in which established trends might feasibly develop in the future. The choice of 1965 as the starting point for our analysis is highly appropriate. The years from the mid-1960s to the early '70s represent something of a high water mark in terms of lay and elite confidence that public policies and public institution-building of one form or another could address key (urban) challenges as they were then understood in the UK. This is reflected in the high levels of productive, public investment that were put into new homes and infrastructure at the time. The decade from the mid-1960s witnessed the final phase of post-war attempts to promote the 'comprehensive redevelopment' of older urban forms and create new ones, virtually from scratch. It also saw the continued building up of the

nationally designed but sub-nationally delivered welfare state, in which local authorities played a critical role.

The same period was also characterised by unprecedented and concerted attempts to rethink the design of the local government system such that it paid closer attention to the complexity of patterns of urbanisation and de-emphasised what had increasingly become an unworkable distinction between urban and rural areas for the purposes of institutional design and service delivery. On the other hand, in a paradox that is more apparent than real, the same period also saw evidence of concern emerge that the optimism of the post-war years, founded upon a belief in the efficacy of a much stronger role for 'state' provision in people's lives, was 'failing' certain areas and communities. This was argued to be the case, in particular (but never exclusively), in the inner areas of the larger conurbations which tended to have been worst affected by war damage and/ or bore the brunt of the first phase of the UK's early de-industrialisation.

As is discussed below, the latter concern led to the first incarnations of explicit urban policy, which continued to evolve over the next 45 years. It would be unwise to claim, however, that there were no urban policies, in the broader sense of that term, previously, or that explicit urban policy, subsequently, ever represented the most important, far less the sole contribution that public policy and institutional reform makes to urban change. At the risk of oversimplifying what has been, and remains, a 'messy' picture, we contend that:

- the most important variations in the effectiveness of urban policy, and in the seriousness with which it has been pursued, result from the interaction and cumulative effects of these three components;
- the key points of departure in the long-run evolution of urban policy are associated with economic crises, particularly those of the mid-1970s (as compounded in the early 1980s) and 2007-08 (and its aftermath) and not nearly so much as is often claimed (e.g. see Parkinson, 1989; Thornley, 1993) by ideologically-driven changes of approach that are popularly associated with particular parties in government. Thus, for example, there are greater affinities in the urban policy agenda of different party governments which held power in the same broad era, e.g. in the 1960s, the late '70s, or the mid-'90s/ early 2000s, than there are between governments led by the same party in different eras, e.g. administrations of the 1980s compared to the 1960s, or governments after 1997 compared to the mid-'70s, and;
- the logics that underpinned reforms in each of the three areas are different and have not always been mutually consistent; indeed, in some respects they have been and remain mutually antagonistic.

We return to the first and third of these points after discussing the evolution of each element of urban policy we have identified, in turn. Outline evidence of the second, however, and a good starting point for this analysis, can be seen in Table 1.1. This sets out actual and planned UK public sector net investment, a measure of investment in capital assets, net of depreciation, at 2013 prices, between 1966-67 and 2018-19. The analysis compares spending profiles in five roughly equal periods dating back to the mid-1960s. Whilst it does not and cannot isolate 'urban' spending as such, the table shows how the first period, 1966-67 to 1976-77, witnessed easily the highest level of public investment found in this 53-year period in terms of both the value of investment and the proportion of GDP it represented.

During the second period, which began with the economic crisis triggered by oil price rises in the mid-1970s and covers the deep recession of the early 1980s, investment spending fell by two thirds, both in value and as a proportion of GDP (reaching an historic low of 0.3% of GDP in 1989-90). It remained low, and fell further as a proportion of GDP, in the third period, up to the end of the last century. It only reached an average monetary value approaching that of the first period once spending increases began in the middle of the first post-1997 government's term of office, early this century. Even during this fourth period, which also includes the years in which there was a short-term hike in public spending in response to the 2007-08 financial crisis, the proportion of GDP accounted for by public sector net investment was less than two-fifths of the level it had been in the decade from the mid-1960s. It has fallen, and is set to remain at a lower level than in the preceding period, both in terms of total value and as a proportion of GDP, during the period that began with major cuts in many aspects of public spending after the 2010 General Election and runs to 2018-19.

Table 1.1. Public Sector Net Investment 1966-67 to 2018-19

Period	Average spend per year (£bn, at 2013 prices)	Average % of GDP
1966-67 to 1976-77	35	5.3
1977-78 to 1989-90	11.7	1.5
1990-91 to 1999-2000	12.84	1.18
2001-02 to 2010-11	31.73	2.04
2011-12 to 2018-19	26.78	1.57

Source: Institute of Fiscal Studies

To have maintained the value of public net investment at the average of that achieved from 1966-67 to 1976-77 for the subsequent period up to 2018-19 would have required £637.8bn (at 2013 prices) worth of additional spending over the last four periods. £67bn of this total can be argued to have been accounted for by Private Finance Initiative investment which has occurred off balance sheet (House of Commons Treasury Committee, 2011), leaving a net balance of £570.8bn. 83% of the shortfall in investment against the benchmark established in the first period is accounted for by the years between 1977 and 2000, during which time UK cities performed poorly on a range of indicators when measured against international comparators. International comparisons demonstrate that UK governments have been low net investors during the bulk of the period we cover. Between 1971 and 2000, for example, the UK was ranked 15th of the EU15 countries in terms of public sector net investment as a proportion of GDP (Toigo and Woods, 2006). Even when investment accelerated during the 2001-2011 period, exceeding 2% of GDP for the first time since the mid-'70s, it remained below the average of the 27 EU member states (Rubaines, 2010).

Our interpretation of these figures is not meant to suggest that the level of attention devoted to urban policy can automatically be read off from public net investment trends. It does, however, demonstrate the contrasts that exist between the period in which urban policy is usually considered to have been most active (i.e. from the late 1970s to the mid-2000s) and (a) the period in which our review starts, when explicit urban policy was in its formative stages, and (b) relative to international comparative standards. It is useful to bear these contrasts in mind when

considering the oft-repeated charge (see, e.g., Leunig & Swaffield, 2007) that explicit urban policy in the UK has not always succeeded.

One of the ways in which our account of urban policy evolution can be read is as the story of an evolving national pre-occupation with sustaining the economic success of London and the 'super-region' that surrounds it. The remarkable turnaround in the capital's economic fortunes that has occurred in the last quarter of a century can be traced back to a key implicit urban policy decision; the deregulation of financial services in the late 1980s. More important to note here, though, is that even to the extent that a London-centric interpretation of long-run changes in urban policy can be substantiated, it is only relative to the rest of the UK during a period characterised by low, albeit variable, public investment. Seen in this context, it does not appear that any part of the UK has been especially favoured, in terms of investment, by comparison to earlier periods, domestically, or to recent trends, internationally. It is nonetheless important to realise that the steady reduction in disparities in spatial economic performance that characterised the first three post-war decades – as measured by changes in GDP in the UK's administrative 'regions' (i.e. the London metropolitan area, the other English regions, Scotland, Wales and Northern Ireland) relative to the national average – went into reverse in the mid-1970s (Crafts, 2004), the point at which public sector net investment started to fall. 'Regional' disparities have been growing ever since. The causal links may be difficult to discern, but the evidence of the last fifty years suggests that periods of relatively high public investment at least coincide with decreases in spatial economic disparities, and periods of low investment with growing performance gaps.

In the next three sections, we trace the evolution of the three aspects of urban policy as we understand it since 1965. In the final section, we provide a brief synthesis, reflect upon where most recent trends appear to be heading and set out a small number of potential longer term scenarios.

2. Explicit urban policy

The term urban policy was not commonly used in the UK before the mid-1960s (Cochrane, 2007). During the preceding twenty years, policies relating to towns and cities were largely subsumed within the terms of the post-war settlement, based upon broad bi-partisan agreement that Keynesian macro-economic management would solve pre-war problems of unemployment and address the need for post-war re-construction. Spatially uneven economic development, a key feature of the inter-war years, was thought about primarily in regional rather than urban terms. It was ostensibly addressed through financial incentives for firms to locate in 'lagging' regions, supported for a brief period by policies of constraint whose purpose was to discourage commercial development in 'overheating' ones (Parsons, 1986).

The principal problems perceived to be facing cities, in the context of sustained national economic growth and an expanding population, were 'overcrowding' and poor housing standards. The two were inter-related in that comprehensive redevelopment of existing urban areas, including large scale housing clearance programmes and the redesign of older urban forms to make them more vehicle-friendly, could not keep pace with growing demand for immediately-usable urban space. This, along with growing affluence and personal mobility, spurred suburbanisation, the dominant feature of internal migration movements for the remainder of the century (Champion, 2014).

But population dispersal, particularly from the inner areas of the larger conurbations, was not just the inadvertent result of constraints on the speed of urban redevelopment and the responses this generated, amongst private housing developers, to promote new development in the suburbs. It was pursued actively through national policy instruments such as the New Towns programme, overseen by government-appointed Development Corporations, and the decanting of inner city residents to new, more peripheral public housing estates. This combination of deliberate and inadvertent people-dispersing activity triggered significant improvements in housing conditions (Donnison and Ungerson 1982) but also produced greater geographical 'sorting' of income groups. And it was also built upon forecasts that were to prove overly optimistic.

By the mid-1960s, even in the midst of confident predictions about sustained growth in population and aggregate wealth, there were warning signs that the confidence of the post-war period was not entirely well-founded. The 'rediscovery of poverty' (Abel-Smith & Townsend, 1965), along with highly charged political debate over immigration and race which was most pointed in relation to inner city areas, prompted concerns that specific groups, in particular geographical areas, appeared to be falling through the 'safety net' ostensibly provided by the welfare state (Edwards and Bailey, 1978). Influenced by the federal government's response to the increasingly 'imbalanced' populations of US inner city areas that had resulted from the flight of affluent Americans to the suburbs, the then government introduced spatially targeted social policies informed by an understanding that it was the pathology of individuals rather than the relatively constrained life chances of residents that constituted the 'inner city problem' (Lawless, 1986).

The first explicit Urban Programme (1968) took its cue from this 'social pathology' approach and provided modest additional resources for special initiatives in education, housing, health and welfare in selected geographical areas deemed to be in special need. The programme – later extended through further, experimental area-specific initiatives such as Area Management Trials and Community Development Projects - was based upon a model of central-local

government collaboration whereby selected urban authorities became entitled to bid for extra resources, the cost being split 75:25 between government and the authority in question. Whilst subject to government veto, project design and management responsibilities were largely decentralised to local authorities.

It quickly became apparent, in the early 1970s, that the logic underpinning the UK's first experiments with explicit urban policy was flawed. A series of research reports commissioned by a growing cadre of explicit urban policy makers at the Home Office and the then Department of the Environment firmly rejected the social pathology approach to urban deprivation and challenged the assumption that 'inner city' problems could be solved through compensatory social policy (Loney, 1983). In its place came a recognition that de-industrialisation, and the loss of jobs in mature industrial sectors that had long sustained many households in inner city areas, was the leading factor in decline.

The perceived need to 'do something' about economy and employment through urban policy grew as more manufacturing jobs were lost in the recession triggered by oil price rises in the mid-1970s. The need for a national policy response was heightened by the fact that urban local authorities in the worst-affected areas began to use what limited powers they had available, along with others they could sponsor privately through Parliament, to support independent economic development policies (Boddy, 1982). These 'bottom up' initiatives, many of them based upon an implicit (and optimistic) belief that industrial recovery was possible, were seen by some, within Westminster and Whitehall, as a competitor to national policy or at least as a recipe for potentially unfair or wasteful inter-urban competition (Stewart, 1983).

This dynamic tension between central and local policy making (Harding and Garside, 1995) provided part of the context for the decisive shift in explicit urban policy that was prefigured by the government's 1977 White Paper, 'Policy for the Inner Cities' (HMSO, 1977). This landmark contribution to urban policy development confirmed a change of analysis and direction, subsequently given statutory force by the Inner Urban Areas Act (1978), that became the mainstay of explicit urban policy from that point on. The White Paper recognised that: (a) inner city decline was primarily a reflection of economic and labour market/occupational change but that it was associated with both environmental and social factors and effects that could not be addressed through 'simple', localised job-creation alone, even if achieving this were possible, and (b) that 'mainstream' national policies could penalise certain areas and communities inadvertently (and, by implication, could stop doing so).

What emerged was a reformulated, explicit urban policy that:

- called for integrated, area-based, economic, environmental and social initiatives along the lines established by the Glasgow Eastern Area Renewal (GEAR) project, launched in 1976 (Wannup 1990);
- advocated (successfully) the abandonment of any further extension of the New Towns programme and a switch to urban housing refurbishment rather than demolition and rebuild;
- argued for 'mainstream' national policies and programmes to be bent towards the needs and potential of designated inner city areas, and;

- anticipated delivery arrangements founded upon local-central government partnerships with contributions from other statutory and non-statutory bodies whose choices, actually or potentially, influenced local economic, environmental and social change.

The 1978 Act created three tiers of designated area in England, differentiated by the severity of the problems they were adjudged to face. Within these areas, local government – usually a single local authority but in some instances two acting in partnership - were expected to lead a ‘multi-agency planning and implementation process’ capable of delivering rolling annual programmes of economic, environmental and social renewal founded upon these broad guidelines. Resourcing was split between national and local government in the same way as for the (renamed) ‘Traditional’ Urban Programme. In Scotland and Wales, where the Scottish and Welsh Development Agencies had been established in 1975 as ‘national’ vehicles for economic development, industrial recovery and environmental impact, the GEAR model, whereby the national agency used its powers in appropriate combinations in partnership with local authorities and other stakeholders, formed the basis of new area-based development initiatives.

Before the new arrangements could become established, however, a change of government in 1979 and the rapid onset of conflict between urban local authorities and the new administration effectively removed many of the key building blocks on which the settlement anticipated by the White Paper had been built. The key battleground had little to do with explicit urban policy, which remained largely unaffected. It centred, rather, upon local government finance, and especially a set of measures designed to control overall public expenditure and prevent local authorities raising local resources to compensate for reductions in national funding. Conflicts about local government finance continued to escalate until the 1987 General Election and led to a reduction in the scope for local fiscal manoeuvre, first through ‘rate capping’ and then through the nationalisation of the local business rate. In urban policy terms, the growing mistrust between national government and many urban local authorities meant that: (a) the potential for central-local government partnership, at least in ‘inner city’ areas, was put under severe strain, and; (b) the idea of ‘bending’ mainstream resources to such areas was, to all intents and purposes, quietly forgotten. As a result, the White Paper’s suggestion that explicit urban programmes should represent only ‘the icing on the cake’ became untenable and the experimental approach to fusing ‘special’ (explicit) and ‘mainstream’ (implicit) programmes for the benefit of designated areas was abandoned before it was ever tried.

The initial response of national governments of the 1980s to the unpromising context within which to deliver the sort of urban policy regime envisaged by the 1977 White Paper was to create a new policy delivery infrastructure that largely bypassed local government. Whilst the (then) newly-established Urban Programme was retained, a succession of new programmes was launched, with an emphasis on addressing land and property market failure. These prioritised automatic or selective subsidies to firms and developers (e.g. Enterprise Zones, Urban Development Grants, City Grants) and either created new delivery vehicles (principally Urban Development Corporations, but also including Task Forces and City Action Teams) whose principal figures were either appointed or seconded by government or, as was the case in Scotland and Wales, used existing ‘arms-length’ bodies (the Scottish and Welsh Development Agencies) to design and deliver programmes in partnership with local agencies.

Throughout the 1980s, significant explicit urban policy investment was put into land and property remediation and improvement which helped re-establish markets in fragments of cities previously blighted by derelict and contaminated land. Their effectiveness in creating new employment was found to be variable, however (DETR, 1998a). Additional research that looked in more detail at impact of, for example, the Urban Development Corporations operating in

Bristol, Manchester and Leeds, showed that local labour markets had benefited less than those at the wider city-regional scale and that during recession the local labour markets showed less resilience (DETR 1998b). The National Audit Office review of Action For Cities programmes, similarly, found that Enterprise Zones, another flagship initiative designed to spur new industrial and commercial development in previously underused urban areas, were characterised by high costs for each job they managed to attract and high levels of job displacement from other areas (NAO, 1990). Such evidence was instrumental in the abandonment of any further designations after a second wave of zones was created in the late 1980s but also highlighted the limits to land and property subsidy, alone, in resurrecting the fortunes of selected urban areas.

The variable outcomes associated with large Area Based Initiatives (ABIs) which were focused upon land and property market failure was, in retrospect, not surprising as in many cases new supply was being reintegrated into sub-regional economies which had not been sufficiently modernised to produce high value additional outcomes. This was subsequently confirmed by the State of the English Cities report which identified substantial divergence in the performance of cities and their hinterlands on key economic variables (OPDM, 2006). The report suggested that the most successful long term urban policy interventions were those in which explicit urban programmes were working with the grain of national economic policy to generate high value outcomes. Critically, success was seen to depend upon the persistent layering of urban policy funding over time to ensure that sufficient critical mass was achieved in infrastructure, environment, transport/connectivity and complementary leisure and housing offers. Although that report did not distinguish between explicit and implicit urban policy, it is clear that the forms of investment that needed to be 'layered' include mainstream as well as special area-based resources, much as the 1977 White Paper had suggested. The successful regeneration of both Canary Wharf and Greater Manchester's sub-regional centres (including fragments of Trafford and Salford) was focused on financial and business services growth supported by leisure, housing and commercial investment. Both of these areas benefited from Urban Development Corporations, Enterprise Zones, transport infrastructure, and substantial housing restructuring resources which facilitated the reintegration of degraded urban space into a new economy based upon financial services, retail and private sector house building, thus making explicit spatial linkages with national economic policy.

The downgrading of local government's role in explicit urban policy, especially in England, was revisited, in the 1990s, when conflicts over local authority finance abated after the collapse of the short-lived 'Poll Tax' experiment. What was essentially established in the 1980s, however, was an explicit urban policy regime that became, effectively, a mechanism whereby central government grants (and, in many cases, European Structural Fund resources), whose scale remained modest by comparison to 'mainstream' spending (but could be significant at the scale upon which it was targeted), were put into a constant succession of time-limited ABIs. What survived the abortive 1978 settlement was the idea that ABIs should have a catalytic effect and needed to be 'holistic' and integrative. To the extent that they were driven by an overarching logic, it was one that focused on the ostensible imperative to avoid the 'waste' of human and physical resources that might otherwise occur in selected areas.

It should be noted that the idea that ABIs should focus upon raising productivity at the national scale, or avoid the ostensible transfer of activity from one area to another when it was not associated with net, national gain, has been applied post-hoc. Whilst government departments, and especially HM Treasury, became increasingly keen that assessments of additionality, displacement and deadweight were written into the design and evaluation criteria for ABIs, this is best interpreted as a means to ensure that national funding was used effectively and did not simply subsidise activity that would have occurred without intervention. From a local

perspective, capturing development in area x rather than y was always a legitimate policy objective. Indeed, one of the merits of ABIs, from a local perspective, was that they legitimised a focus on some areas in preference to others, within a local authority boundary, in a way that would otherwise have been politically difficult to achieve.

ABIs of a wide variety of forms, pursuing a broad range of thematic objectives via different sorts of delivery vehicles, were the stock in trade of explicit urban policy for the next thirty years and it is not possible to summarise all of the variety in a short paper such as this. The principle axes of variation concern the extent to which programmes:

- focused upon ‘economic development’, that is to say initiatives that attract or promote productive activity, or ‘regeneration’, which was more concerned with physical, environmental or social improvements (and in which the degree of priority given to housing varied greatly over time);
- targeted ‘places’ or ‘people’;
- were conceived and implemented via specially-created delivery vehicles, in which figures from the private sector, at least nominally, often played leading roles, or via partnerships of existing institutions, in which local authorities have tended to play the most prominent roles;
- were funded according to defined criteria of need or through a competitive process in which the power of case-making and confidence about capacity to deliver was paramount, and;
- aimed to integrate and co-ordinate existing provision more effectively or create something substantively different from better co-ordination of existing mainstream service delivery.

The way in which these criteria were combined within particular programmes led to infinite variations on the theme of explicit urban policy that very quickly outgrew its ‘inner city’ origins and was applied to all manner of urban areas whose particular challenges were seen to need ‘special’ treatment. Below, we concentrate upon key landmarks in the development and review of ABI policy in the subsequent period which came to an abrupt end following the 2010 election, when all remaining ABI programmes were terminated as part of the first round of austerity budgeting, only for some aspects of explicit urban policy to be re-invented in the following years.

Later area-based initiative policies

As the housing and land based programmes of the 1980s matured there was significant debate amongst academics, practitioners, politicians and community activists about the lack of employment opportunities for local people flowing from land and commercial development projects and the narrow focus of housing-led ABIs, which improved living conditions but not prosperity. An early review of small ABIs found that most of the 42 schemes chosen for the study were dominated by housing expenditure and not considered to be offering anything notable in terms of innovation (Hausner, 1991). A similar review conducted in Scotland for Scottish Homes also noted the inward looking nature of housing-dominated ABIs stating that “few initiatives effectively linked neighbourhoods and initiative areas into the wider context set by District Housing Plans and Regional Structure Plans” (McGregor et al, 1992; iv). A policy framework to develop more comprehensive ABIs was more advanced in Scotland at this time through the Scottish Office ‘New Life for Urban Scotland’ initiative, which supported four local

partnerships to develop and implement ten year renewal programmes in peripheral estates in Dundee, Edinburgh, Glasgow and Paisley. The evaluation of this initiative concluded, however, that whilst £55m of the £485m of public investment was targeted to support enterprise and employment and training, the results were mixed in respect of the employment rates for local residents (Tarling et al, 1999). Overall, the higher levels of administrative discretion available in Scotland and Wales, pre-devolution, were not used to integrate policy decisions in discrete areas (sectoral economic policies, 'special' area-based regeneration initiatives, planning, transport, housing) together for the benefit of urban areas any more effectively than was the case in England (Turok, 2004; Morgan, 2014).

Similar concerns about the muted impact of explicit urban policy on the economic opportunities of residents in deprived localities were apparent in the more extensive application of comprehensive ABIs in England which followed the completion of the Hausner Report and subsequent heavy investment in evaluation of them.

The development of ABI policy took a significantly different approach in England during the early 1990s. 31 small areas were selected by competition to participate in the City Challenge programme. The winners of the competition received £37.5 m of resources to fund housing, economic development and social programmes. Additionally complementary bids from local to central government for resources to support the initiative were invariably given preferential treatment during a time of intense competitive bidding for resources, as competition became a key allocation mechanism. The interim evaluation of City Challenge, focused on management and delivery processes and the extent to which promised outputs were delivered, concluded that for the six key output areas the performance either exceeded or met the original bidding documents' expectations. The evaluation was not tasked with measuring additionality, displacement or deadweight, although this was rectified in evaluations of subsequent initiatives which were completed in the new century.

The focus on neighbourhood based ABIs continued after City Challenge, firstly with the development of the Single Regeneration Budget, followed by the announcement of ten year New Deal for Communities programmes, which were tightly targeted upon highly deprived neighbourhoods. In 1998/99 a total of 39 ABIs were announced under this new programme and while the funding expired in 2010/11 for those announced in 1999, no further comprehensive ABIs have been announced in this century (ie for the last 15 years). Below, we briefly summarise four key evaluations and reviews which helped to facilitate the shift in focus from neighbourhoods to the competitiveness of cities.

The Single Regeneration Budget was created in 1993 by collapsing twenty separate government funding streams into one flexible fund which was allocated to local authorities for programmes of up to seven years in duration. Successful bids had to demonstrate significant public and private sector leverage and to generate outputs across the economic and social spectrum. The programme allocated £5.7billion and funded 1,028 schemes. Only 37 schemes received more than £20 million. The programme was evaluated by Cambridge University. The researchers selected a representative sample of projects across the country and measured the additionality of social and economic outputs for each project. These results were then scaled up to reflect the programme nationally and one key finding was that they estimated that 227,793 jobs had been created. Additionally where there was a significant spatial targeting of resources, the research team observed improvement in resident satisfaction with the quality of their area compared to the English average (Rhodes et al, 2010).

There are wider public policy issues to consider when considering the impact of the Single Regeneration Budget. The programme was implemented during a period when the government was intent upon reducing the budget deficit generated by the early 1990s recession. Therefore, deprived areas which did not receive funding (the majority) were experiencing a decline in resources as public expenditure focused on the built environment and social issues were scaled back. The scale of the reductions is illustrated by the fact that the twenty budgets which were subsumed into the SRB were programmed to decrease by 29 per cent over its first five years, whilst the complementary housing programmes were reduced by 23.8 per cent (Nevin et al 1997) Any relative improvements in the target areas compared to other similarly deprived areas were therefore likely to be skewed by the impact of national fiscal policy. Despite these caveats and the general difficulty in attributing cause and effect to ABIs funded by SRB, researchers found “some small, but valuable, improvement in the well-being of their residents across a number of social, economic and physical indicators” (Rhodes et al, 2005).

Upon taking office in 1997, the government commissioned Policy Action Teams to explore the potential responses to addressing gaps in life chances and performance in relation to people and places. In 2001 this work was drawn together into the National Strategy for Neighbourhood Renewal. A major conclusion reached by government officials was that policy had placed too much emphasis on housing and regeneration ABIs (and capital expenditure) and too little on “the failure of mainstream services.... In hundreds of neighbourhoods” (Cabinet Office, 2001: 7). A twin track approach was developed which distributed Neighbourhood Renewal funding to help the co-ordination of mainstream expenditure in deprived neighbourhoods nation-wide, in tandem with a 10 year programme for regeneration ABIs in 39 deprived neighbourhoods via the New Deal for Communities programme.

The National Neighbourhood Renewal Strategy focused upon narrowing the gap in key social and economic indicators between the most deprived neighbourhoods and the rest of the country. This approach was supported by a Neighbourhood Renewal Fund (NRF) and was targeted at 88 local authorities. Each of these local authorities was charged with meeting floor targets for health, education and worklessness (for example), and between 2001 and 2008, £3 billion was allocated to assist them in delivering government objectives. The NRF evaluation was completed by Amion Consultancy (2010) whose research noted that the programme was associated with a reduction in worklessness of almost 70,000; a ‘modest’ reduction of 3-4% in those targeted local authorities. For most of the floor targets there was little difference in attainment between the poorest 10 percent of neighbourhoods which were in receipt of the NRF and those poorest 10 percent which were not.

These findings suggest that the programme had a very limited impact when comparing the relative performance of local authority areas. There is however, a context to these findings which is the converse of that experienced by the SRB. The significant increase in national government funding for education, health, housing and economic development which was available to all disadvantaged and advantaged areas during the 2001 – 2010 period was of a far greater volume than the regeneration funding available from the NRF. It was also more widely distributed, spatially. National increases in mainstream funding also occurred during a period of sustained economic growth where the proportion of the adult population dependent upon out of work benefits fell only modestly at the national level by approximately 10 percent (NOMIS accessed 20/4/14). The most disadvantaged areas therefore underperformed on this measure but much of this could be attributed to local economies, debates around incentives to work at the national level, and the immigration of young, skilled and mobile workers from the enlarged European Union all of which are outside the scope of explicit urban policies

The New Deal for Communities Programme (NDC) was a regeneration ABI programme based upon a ten year investment in 39 deprived neighbourhoods with an average population of 9,800. About £50m per area was made available (£2 billion nationally) which was designed to be matched with local funding sources to influence 25 outcomes. This programme was evaluated by Sheffield Hallam University (Lawless et al 2010). In an extensive programme of research costing £20 million, the evaluation team only found a correlation between spend and outcomes by year 8 of the programme. Lawless and Beatty (2013: 952) surmised that “evidence suggests that regeneration agencies are more likely to have an impact on place-based rather than people based outcomes....There is little evidence to suggest that regeneration agencies can influence people based outcomes to any meaningful extent.” Where they reached more optimistic conclusions was in reaffirming previous findings relating to housing investment (place based), co-ordinated and focused at a neighbourhood level, which has demonstrable, positive impacts on asset values, crime, occupancy rates and neighbourhood satisfaction.

The HM Treasury Review of Sub-National Economic Development and Regeneration (2007) sought to forge a much stronger link between economic development and neighbourhood renewal (Housing and Regeneration ABIs). Noting: ‘objectives for neighbourhood renewal need to be more sharply focused on the economic drivers of deprivation in disadvantaged areas....[There is currently] little prioritisation between factors most likely to deliver sustainable change...As a consequence neighbourhood renewal interventions may address symptoms, rather than the causes of deprivation, resulting in unsustainable improvements’ (HMT, 2007: 67-68).

A major recommendation of the review was that future neighbourhood renewal programmes should fit with economic development proposals for the ‘functional economic area’ within which they sit; that they be outwardly focussed, making broad linkages with the employment and labour markets which exist outwith the target area. This recommendation to link neighbourhood renewal more effectively with wider employment and labour market change had already been accepted by housing practitioners and researchers, who had developed housing regeneration proposals which were integrated with a wider analysis of housing market change and sought to connect residents to the opportunities which exist outside of the targeted neighbourhoods.

The Housing Market Renewal Programme emerged from this debate in 2002, a £7bn sub-regional public sector partnership which was targeted at the nine most depressed housing markets in England. This initiative achieved some success in co-ordinating housing and planning policy, but had less impact with economic development and struggled to manage the changes in land and property values generated by the business cycle (Leather and Nevin 2013). Arguably the Housing Market Renewal approach was not supported by appropriate governance structures to achieve its spatial and policy integration objectives and did not have the resources to shape markets that became progressively more volatile as the century developed.

The evidence that emerged from the experience of delivering ABIs in the first part of the current century added new dimensions to the debate about the efficacy of explicit urban policy. As noted above, policies adopted during the 1980s were initially dominated either by housing renovation and/or rebuilding or a focus on reviving failed land markets. Neighbourhood based interventions were almost exclusively dominated by housing programmes, with relatively minor inputs to address employment, skills and the competitiveness of residents. During the 1990s and into the 21st Century 107 comprehensive neighbourhood ABIs were funded by the City Challenge, SRB and NDC programmes in England.

The evaluations of these programmes delivered a fairly consistent message which can be summarised as: there were persistent problems in measuring the impact of urban policy interventions on places and people. External economic factors, policy decisions, and national fiscal strategy all influence the target areas and comparators in different ways at different times in any given economic cycle. Therefore disaggregating cause and effect proved difficult when assessing the overall impact of complex multifaceted programmes. Where micro impacts have been measured with some confidence, then there has been a stronger performance resulting from targeted investment in places (i.e. homes, commercial buildings and land) than targeted area based investment in people.

This suggests that ABIs have a strong role in addressing local market failures in housing and land markets, and that addressing these issues has positive spin off effects for local people through wellbeing and potential employment provision. What would appear to matter more for disadvantaged individuals is that training, education, skills and employment support is available and accessible within the broader locality which has funding appropriate to the scale of the task. Given that people are mobile and transition from one neighbourhood to another over time depending upon household circumstances and economic opportunity, it would not appear to make a significant difference to outcomes if this support is organised at a neighbourhood level or elsewhere.

What has rarely featured in the evaluation of explicit urban policy, which has often been programme-specific, is the extent to which (a) the 'layering' of interventions, over time, has resulted in cumulative impacts, (b) explicit urban programmes have worked alongside (or struggled to counter) mainstream policies in the realisation of their objectives, and (c) the co-ordinating role played by local leadership on both of these issues has affected outcomes. Without an understanding of these dynamics, it is difficult to arrive at a definitive view of what role explicit urban policy has played and might play in the broader process of urban transformation.

Recent government policy partly reflects the absence of a compelling evidence base about the overall impact of explicit urban policy. Indeed, the What Works Centre for Local Economic Growth has been established with the aim of providing such a resource. Mainly, however, it has been driven by the government's approach to fiscal consolidation and its commitment to 'localism'. This has further speeded the move away from national ABIs that began under the previous government and to devolving responsibility for economic development and growth to sub-national bodies. Thus 39 Local Economic Partnerships (LEPs), nominally covering 'natural economic areas' have been created, inheriting some of the responsibilities, but fewer of the resources, formerly managed by the abolished Regional Development Agencies. City Deals and Growth Deals, negotiated case-by-case, have been introduced as bespoke mechanisms to overcome barriers to place-specific economic growth. Combined Authorities have been encouraged as a means of establishing the capacity to deliver growth more effectively and, in the case of Greater Manchester, as a mechanism for managing devolved funding that extends beyond economic growth and into public service reform. As well as this, fiscal incentives, including partial retention of business rate growth and of additional council tax income generated by new residential development, have been introduced in an attempt to encourage local authorities to prioritise growth.

3. Implicit urban policy

In drawing attention to the notion of ‘implicit urban policy’, we wish to emphasise that a wide range of public policies, investments and forms of regulation inevitably have an impact upon urban development trajectories but that they do so largely inadvertently, in a way that is usually incidental to the way decisions are made. That this is the case, and that implicit urban policy has differential effects on patterns of urban development, appears axiomatic. To take just one example, it is clear that national policy approaches to the development of higher education result in ‘lumpy’ investments that favour some locations over others. This has always been the case in the banal sense that the siting of universities, and the economic impacts that flow from the concentrations of student spending power, human capital and knowledge associated with them, is geographically uneven. It has also grown in importance over time as a result of expanding student numbers. In terms of the distribution of funding for teaching, the effect of historic distribution patterns is to disperse resources across myriad urban centres, even though responsibility for that funding is in the process of shifting from the public purse to degree-holders who are obliged to pay back loans for fees and living expenses after graduation.

In terms of research funding, however, the differential urban implications of HE policy have become sharper, in recent years, as attention has focused upon the perceived need to enhance the international standing of UK universities and to build ‘world class’ capacity that can rival leading global institutions such as those in the US Ivy League. Pursuit of this aspiration has led, directly and indirectly, to the concentration of research investment in the ‘best performing’ institutions, the incidental effect of which has been to divert more resources into the ‘golden triangle’ of London, Oxford and Cambridge. According to figures on public investment in research and development produced by BIS, for example, between 2001 and 2011, London received an average of 24% of funding in this area, annually, whilst the South East (which includes Oxford) averaged 14%. The percentage share of the East of England (which includes Cambridge) was higher than in all the other English regions during the period.

In the case of HE, it is possible to track the flow of certain types of funding by institution, and hence geographically, by city or city-region. One ‘snapshot’, of HEFCE research funding for 2003-04, by Wood (2005: 8), for example, showed that London institutions received almost five times as much funding as those in Greater Manchester, which was the highest receiver amongst large provincial city-regions. However our broader understanding of the long run, cumulative impacts of implicit urban policy – for example in infrastructure, or culture - is constrained by two factors. The first concerns data. Little attempt has been made, traditionally, to assess the distributional patterns associated with public policy choices on an ‘urban’ basis. Basic data on the spatial flows of public expenditure has been in particularly short supply. Although this has been partially remedied in the current century with the development of regional (rather than urban) accounts of public spending, such data is only available for a limited time series.

The other challenge concerns methodology, and the difficulties involved in assessing the spatial impacts of policy choices (including, but going beyond, spending patterns) across a wide range of policy areas. There is little we can do, in a paper such as this, to overcome these challenges. Instead, we concentrate upon using the limited data available to analyse the extent to which public spending patterns are, and have become more, geographically concentrated in the most recent period. We concentrate on ‘NUTS’ 1 regional data – for the London metropolitan area, the other eight ‘standard’ regions of England and the non-English UK territories of Scotland, Wales and Northern Ireland – because of its greater availability but underline the point that the

contrasts that show up at this scale are found, by occasional analyses that have used more bespoke, disaggregated data, to be even sharper when NUTS 2 areas or city-regions are compared (Wood, 2005). In short, the regional data are rough proxies for city-regions outside London but underestimate the scale of the contrast between city-regions.

The regional distribution of identifiable public expenditure, 1998-99 to 2012-13

The following analysis focuses on the overall level of public expenditure, and within the overall totals the distribution of economic development and welfare spending. The data captures three different resource allocation processes which impact upon the spatial and economic development of the UK. These are: the (Barnett) formula-based allocations that determine the share of national public expenditure distributed to the non-English nations; devolution to the Celtic countries, and the extent to which higher discretionary spending can be (and has been) allocated to urban policy activity through devolved decision-making, and; demand-led expenditure on items such as social protection which are distributed across the UK by national government.

As noted above, public expenditure on explicit urban policy has not been measured consistently and the definitions of programmes of activity that are within scope have tended to change over time. For example Tyler et al (2013), using official definitions in Departmental reports, estimated that regeneration expenditure in the years 2009/10 and 2010/11 totalled £10.144b. This expenditure included a substantial proportion of the national housing capital programme. Conversely the Action for Cities programme in the late 1980s assembled pre-existing disparate and spatially fragmented government urban policy programmes, which were mainly focused upon spending targeted at failing land markets and largely ignored housing issues and investment (see Robson et al, 1994).

Expenditure on explicit urban policy since the 1977 White Paper has always been a modest proportion of the total public expenditure which is dedicated to economic development, infrastructure and housing. In recent times the estimates of the relative importance of these budgets can be seen by comparing the regeneration expenditure in the financial years highlighted by Tyler et al with the current and capital expenditure in England on economic affairs and housing and community amenities totalled over the same two years. In England the total identified expenditure on these items was £85.052b, and therefore Regeneration expenditure accounted for 11.9% of this.

The data presented here comes from the HM Treasury Public Expenditure Statistical Analyses (PESA) website (www.gov.uk/government/collections/public-expenditure-statistical-analyses-pesa) and from the HM Treasury Government Web Archive section of the National Archives (http://webarchive.nationalarchives.gov.uk/20101128151454/http://www.hmtreasury.gov.uk/public_expenditure_statistical_analyses_2005.htm). The tables combine three overlapping series of data taken from Public Expenditure Statistical Analyses 2013 (covering 2008-09 to 2012-13), Public Expenditure Statistical Analyses 2010 (covering 2004-05 to 2009-10), and Public Expenditure Statistical Analyses 2005 (covering 1998-99 to 2004-05). The commentary that accompanies these sources stresses that data may not be fully consistent across different PESA editions due to changes in data coverage and classification. However each of the three sources presents historical data adjusted to then-current definitions to show trends over a longer period. A longitudinal analysis covering all three spending periods is not advised. Comparisons between regions within each of the periods are nonetheless valid.

Table 3.1 shows regional and country-specific public expenditure trends across the UK during the three spending periods. The 1998-2004 period is notable for the rapid acceleration of spending following the 2002 Comprehensive Spending Review which facilitated a 47% rise in volume terms in Scotland, 46% in England and 42% and 40% in Wales and Northern Ireland respectively. The following period (2004/5-2008/9) registered lower but still substantial volume increases across the UK's constituent nations, ranging between 14.8% in England to 13.8% in Wales. The extent of the impact of the financial crash on public sector finances during 2008/9 to 2012/13 is apparent from the lower growth in expenditure across UK nations, ranging from 1.6% in Northern Ireland to 0.3% for Wales.

The most striking feature of the table, however, is the consistently higher degree of variation that existed between English regions than between UK nations. As the last set of figures in the table shows, increases in spending were higher, on average, in southern English regions and lowest in northern regions, in all three periods. The contrasts between individual English regions were sharper still. Thus, for example, the biggest increase in regional spending in the first period (in London, at 54%) was thirteen percentage points higher than in the region that experienced the lowest increase (the North West, at 41%). Similarly, three English regions – the North East (-2.7%), the West Midlands (-1.3%) and the North West (-0.5%) – experienced a decline in spending between 2009 and 2013 when all other regions and nations experienced an increase, the highest being in southern England (in the East of England at 4.2% and the South West at 3.6%).

Changes in the geography of overall, measurable expenditure tell us about the dynamics of change in the periods for which data are available. They do not tell us unambiguously whether some areas can be argued to have been favoured over others because gross figures are not related to population sizes. Tables 3.2-3.4 and Figure 3.5 correct for this by expressing changes in spending per capita. The tables deal with change in the constituent UK nations in the three spending periods whilst the figure examines trends across those periods in English regions. The tables tell a consistent story which bears out the fact that, partly through the Barnett formula, partly because of different levels of need, and partly because of higher security costs (in Northern Ireland), public spending in Northern Ireland has consistently been higher (by between 21 and 33%) than the UK average. The same goes for Scotland (14-19% higher) and Wales (9-14% higher). England's share of public spending remained 3-4% lower than the UK average throughout.

Table 3.1: % changes to public expenditure by region, regional groupings and country, 1998-2013

	Rank of change period 1 1998-2004	% change	Rank of change period 2 2004-2009	% change	Rank of change period 3 2009-2013	% change
1	London	54	East	17	East	4.2
2	East Midlands	47	South West	16	South West	3.6
3	East	47	West Midlands	15	East Midlands	3
4	South West	45	East Midlands	15	South East	1.9
5	South East	45	London	15	Yorkshire & the Humber	1.7
6	West Midlands	44	South East	15	London	0.5
7	Yorkshire & the Humber	43	North West	14	North West	-0.5
8	North East	42	Yorkshire & the Humber	14	West Midlands	-1.3
9	North West	41	North East	12	North East	-2.7
1	Scotland	47	England	14.8	Northern Ireland	1.6
2	England	46	Scotland	14.7	England	1.4
3	Wales	42	Northern Ireland	13.9	Scotland	1.2
4	Northern Ireland	40	Wales	13.8	Wales	0.3
1	Southern England	48	Southern England	15.5	Southern England	2.2
2	Midlands England	45	Midlands England	15.3	Midlands England	1.1
3	Northern England	42	North England	13.4	Northern England	0.2

Table 3.2. Per capita expenditure by UK nation, 1998-99 to 2003-04

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Northern Ireland	1.33	1.32	1.33	1.32	1.33	1.29
Scotland	1.16	1.18	1.18	1.19	1.18	1.19
Wales	1.14	1.14	1.14	1.12	1.13	1.12
England	0.96	0.96	0.96	0.96	0.96	0.96
UK	1.00	1.00	1.00	1.00	1.00	1.00

Table 3.3. Per capita expenditure by UK nation, 2004-05 to 2008-09

	2004-05	2005-06	2006-07	2007-08	2008-09
Northern Ireland	1.26	1.24	1.23	1.24	1.23
Scotland	1.14	1.17	1.17	1.17	1.15
Wales	1.12	1.13	1.13	1.12	1.12
England	0.97	0.97	0.97	0.97	0.97
UK	1.00	1.00	1.00	1.00	1.00

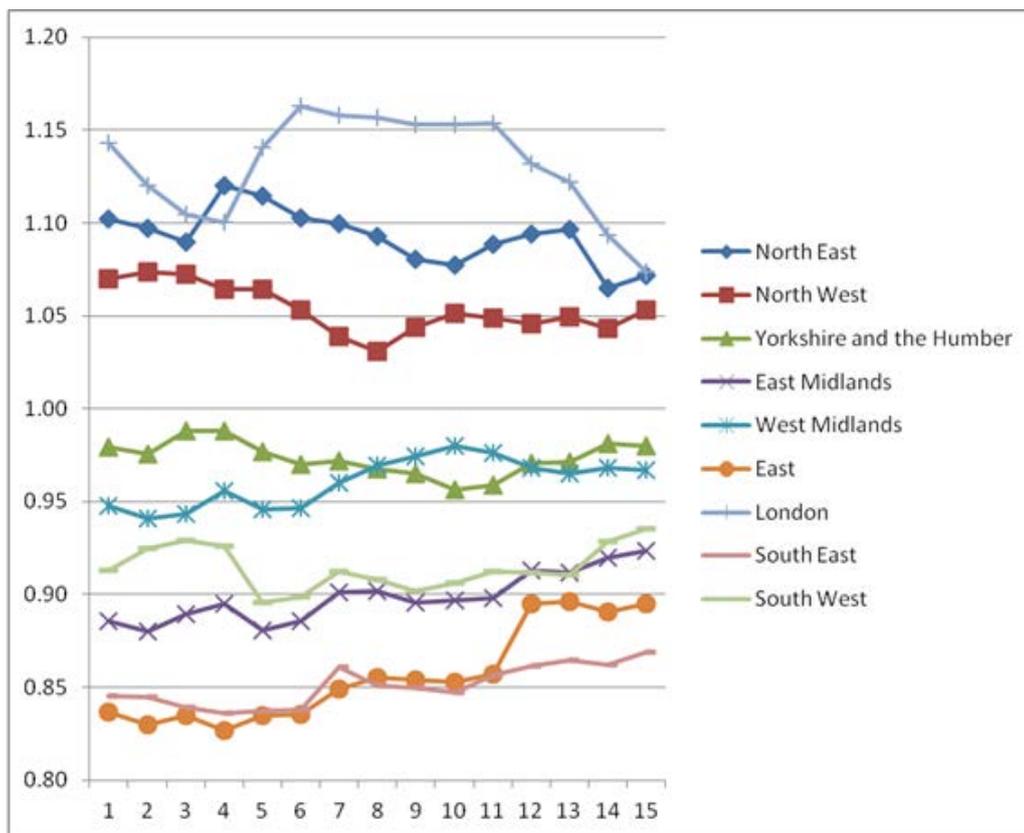
Table 3.4. Per capita expenditure 2008-09 to 2012-13

	2008-09	2009-10	2010-11	2011-12	2012-13
Northern Ireland	1.23	1.20	1.21	1.24	1.24
Scotland	1.15	1.14	1.14	1.15	1.16
Wales	1.10	1.09	1.10	1.13	1.10
England	0.97	0.97	0.97	0.97	0.97
UK	1.00	1.00	1.00	1.00	1.00

Figure 3.5 shows changes in spending per capita for English regions. Beginning with the eight standard regions outside London, it demonstrates that there were none in which per capita spending, relative to the UK average, reached the levels experienced in the non-English UK nations during the period. Two of them - the North East and North West – experienced spending, through all or most of the period, that was higher than the UK average but that declined, relative to the UK average, overall. Spending per head in the other six standard regions, by contrast, remained below the UK average throughout but, with the exception of Yorkshire and the Humber, where per capita spending remained static overall, rose as a percentage of the UK average over the period. London is the anomalous ‘region’ in this figure.

Spending per head in London did compare to the levels reached, relative to the UK average, in Scotland and Wales over the period, but it was also more volatile. London experienced a pronounced 'spike' in per capita spending during the period characterised by strongest overall expenditure growth (i.e. the mid-2000s) but also a sharper fall after the onset, post-financial crisis, of public expenditure constraint. If London is taken out of the equation, the rank order of English regions in terms of spending per head relative to the UK average is broadly consistent with their overall economic health, with the richer regions commanding lower spending per head than the poorer ones. In this respect, the distribution of spending to the English regions is seen to have remained broadly 'fair' over the period, albeit in a context where the relative standings of the richer regions marginally improved and those of the poorer regions slightly deteriorated.

Figure 3.5. Ratio of per capita expenditure to UK average by English region, 1999-2013



From the above, it would appear that (a) the Barnett formula, which sets patterns of public expenditure allocations to the devolved territories, continues to benefit Scotland, Wales and Northern Ireland relative to English regions, (b) spending flows to regions within England remain nominally 'fair' in that public spending per head is weighted towards regions in which economic performance is poorer and demand for welfare spending higher, but (c) London, which is simultaneously a rich AND poor 'region' is a significant exception to this rule.

A more variegated picture emerges, however, when sub-UK level spending in areas that are directly related to economic development is examined. Table 3.6 lists annual expenditures in the English regions and the non-English UK nations for the most recent spending period in the area of 'economic affairs', which represented 6-8% of total identifiable expenditure over that time. Spending patterns, here, show a considerably higher degree of variation than in 'big ticket' areas (such as health, education and social protection) where spending profiles are more clearly related to demand and individual need. Overall, there was a fall in identifiable

expenditure in this area during a period in which discretionary public spending fell sharply. This aggregate picture, however, masks considerable differences at the sub-UK level. Spending in both Scotland and Northern Ireland rose during the period, and the fall in spending in Wales was significantly lower than in England and any of its regions. This pattern likely reflects the greater degree of protection of discretionary spending that is available to devolved administrations than is the case within England, where spending reductions can more easily be imposed from the centre.

Overall, the table demonstrates that, within this general (English) context of decline: (a) spending in London was significantly higher during the period than in any other sub-UK area, and ; (b) spending levels were also comparatively high in the two other English regions which adjoin the capital, exhibit good economic performance, and can be considered part of the 'London super-region', i.e. the South East (the third most-favoured area) and the East of England (ranked 5th). All three, in particular, enjoyed a level of science and technology investment that was significantly higher than elsewhere. Scotland and, to a lesser extent, the North West, are the two other areas that consistently experienced higher than average spending. This picture is confirmed by spending per capita, which was highest over the period in Scotland (£4,922 per head), Northern Ireland (£4,425), London (£4,313) and Wales (£3,869).

Table 3.6 Identifiable expenditure on economic affairs by country and region, 2008-09 to 2012-13, sorted by 2012-13 total

	2008-09 (£)	2009-10 (£)	2010-11 (£)	2011-12 (£)	2012-13 (£)	% change
England	30,206	32,524	29,951	27,355	25,086	-17.0
London	6,447	8,180	7,365	6,745	5,997	-7.0
Scotland	4,972	5,277	5,066	5,204	5,269	+5.9
South East	4,676	4,086	3,715	3,332	3,361	-28.1
North West	3,893	4,162	3,818	3,439	3,226	-19.0
East	2,888	3,455	3,436	3,059	2,639	-8.6
Yorkshire & the Humber	2,895	3,056	2,810	2,662	2,441	-5.7
West Midlands	2,939	2,924	2,621	2,365	2,209	-14.8
South West	2,678	2,651	2,406	2,371	2,207	-17.6
Wales	2,185	2,455	2,590	2,416	2,154	-1.4
East Midlands	2,292	2,523	2,314	2,086	1,833	-20.0
Northern Ireland	1,530	1,695	1,763	1,606	1,565	+2.3
North East	1,498	1,487	1,467	1,297	1,174	-21.6
UK identifiable expenditure	38,894	41,951	39,369	36,581	34,073	-13.4
Outside the UK	440	502	538	319	246	-44.1
Total identifiable expenditure	39,334	42,453	39,907	36,900	34,319	-12.7
Non-identifiable expenditure ^{(1)u}	9,652	5,191	-981	104	1,829	-81.1
Total Expenditure on Services	48,986	47,644	38,926	37,005	36,148	-26.2

(1) Includes the effect of financial sector interventions which, were they possible to allocate, would benefit London (mainly) and Scotland (Edinburgh).

As noted above, total per capita public spending does not exhibit the same variance between the English regions and devolved administrations as that which is targeted specifically at economic affairs. This is because the UK public policy framework and associated spending programmes have traditionally compensated people and places experiencing social and economic problems relating to relative and absolute decline. Below, we present a broad overview of the split between economic development and welfare spending by region and the devolved territories. For this purpose, economic affairs and education funding have been merged to create a proxy for expenditure most likely to be associated positively with economic development, while social protection spending has been merged with health to provide a proxy for welfare.

Table 3.7 (see appendix) lists cash expenditures for economy-related fields over the full fifteen year period of the analysis whilst Table 3.8 (see appendix) provides a breakdown of the per capita ratio of spending in each region/nation to the UK average, thereby giving a more reliable comparison across spending periods. These tables demonstrate a high level of consistency, over time, in the relative distribution of resources across the UK. The two most significant shifts were in relation to the increasing share of expenditure being directed towards London following the 2002 Comprehensive Spending Review. This supported a shift in policy in England, highlighted in the Sustainable Communities Plan (DTLR, 2003), which for the first time distinguished between the need for regeneration in the north and midlands and the management of growth in the south. The relative increase in expenditure for the south was sustained throughout the period to 2012-13 and can be seen largely to have been at the expense of the North of England. The other major change in distribution is evident in Northern Ireland whose share dropped sharply from the late 1990s and the conclusion of the peace process.

Table 3.9 (see appendix) presents welfare spending over the same period in cash terms, whilst Table 3.10 (see appendix) again standardises the figures as a per capita ratio of the UK average. The data in these tables confirm the picture that the north of England and Scotland, Wales and Northern Ireland are characterised by poorer health and higher welfare dependency than the Midlands and South of England. London has also had higher than average welfare expenditure until the last two years of the series, after a five year relative decline. This decline may reflect the impact of migration on social protection expenditure as the capital city has become progressively younger.

This analysis of the spatial patterns of economic development and welfare spending illustrates wide disparities within the UK. Economic development expenditure favours London and the devolved administrations; these areas have also received high levels of welfare support and housing expenditure. Logically they also receive higher levels of total expenditure than is found elsewhere. Welfare spending is higher in the Northern regions and the West Midlands within England, but the economic development expenditure is notably lower than that found in the Celtic fringe and London, and these areas have experienced a relative decline in spending since the 2002 CSR.

This evidence is consistent with a series of policy reviews, in the mid-2000s, which saw the emphasis within key mainstream policy areas (like transport, land-use planning and housing, and skills) shift towards more effective management of growth. Whilst explicit urban policy was modestly redistributive between cities and city-regions, implicit urban policy in England effectively pursued economic imbalancing, not rebalancing. It should also be noted that it is not only policy decisions in relation to patterns of productive investment that have benefited the London super-region. In key areas of regulatory and procurement policy, too (see, e.g., Raco,

2004, Wood, 2005, on the Private Finance Initiative; Wood, 2005 on the Sustainable Communities Programme; Bishop and Gripaos, 1997, on defence industry procurement, and; Martin and Miller, 1995, on public pension fund management) academic studies have demonstrated that the effect of policy change has been to funnel financial benefits to firms in southern England. The overall pattern of nationally-orchestrated productive public expenditure, then, appears to have underpinned sharply differentiated economic and social outcomes for cities and regions within the UK which have occurred since significant shifts in national economic and fiscal policy were developed in response to the financial crisis of 1976. The 'performance gap' within the UK urban system, and UK cities' relatively poor performance by international standards, is confirmed by two recent and up-to-date pieces of analysis.

The economic performance of UK cities: Domestic and international comparisons

The paper produced by Martin et al (2014) for this Foresight Programme measured the economic performance of the 64 Primary Urban Areas (PUAs) over the period 1981-2011. It noted the significance of urban centres to prosperity, with London, the eight English Core Cities and Cardiff and Edinburgh together accounting for 40% of UK GVA. The attraction and retention of human capital was found to be a key component to GVA growth, however no evidence could be found of a relationship between city size and long term growth. Only the performance of London supported the theory that agglomeration produces faster trend growth, while Birmingham, Manchester, Sheffield, Newcastle and Glasgow all experienced below average growth performance during the study period. In addition to London, trend growth was found to be significantly higher in former New Towns and peripheral locations within the South East of England.

A study by Parkinson et al (2013) highlighted the economic performance of 275 cities in the OECD over the period 1993-2011. This sample included 46 UK city-regions and 149 elsewhere in Europe. Of the 20 highest performers in Europe only London (in 16th place) of UK cities was represented. All 14 UK 'second tier' cities (by size) fell below average GDP per capita during the study period. The performance over this time frame does however mask dynamism over shorter time scales. For example, during the years 2000-2008 an increase in the growth trend of the UK's larger cities was observed which coincided with historically high public expenditure, widespread growth in financial services and growing consumer expenditure. As a result, ten of the largest fifteen UK cities had GDP per capita growth above the OECD average. Conversely, for the period 1993-2007, four cities were located in the second quintile, seven in the third and four in the fourth (ranging from 81st to 131st). When the economic stimulus package was reversed during the recession in 2008-2010 there was a greater than OECD average fall in GDP per capita for thirteen of the fifteen UK city-regions. The observation by Parkinson et al that overall the city-regions they examined fared better in the south of England and the devolved regions than the North and Midlands is broadly consistent with the findings set out by Martin et al, who also noted that there was arguably more evidence of path dependency amongst ex-industrial cities in northern and midland England than that size or specialisation had stimulated a higher trend of economic growth.

The findings set out in these two studies are consistent with the scale and distribution of productive expenditure across the UK highlighted earlier in this section. The low level of historic capital expenditure in infrastructure and development for most of the last 40 years compared to other advanced economies may partly explain why some post-industrial UK city-regions are exhibiting the characteristics of path dependency. Conversely the focus of investment in high

GVA ex-New Towns and smaller towns and cities in the south east of England may be a legacy of the significant investment made in transportation and land assembly by government and the New Towns Development Agencies over three decades, and the extensive linkages and spillover effects which have developed as London's dominant role in international financial services increased from the late 1980s. Certainly the New Towns and smaller towns and cities did not have to contend with the negative externalities associated with the economic restructuring and physical restructuring of larger ex-industrial areas which has been a feature of the UK since the Second World War, and comparatively few have been as favoured by shifts in national economic policy.

4. Cities, sub-national governance and policy delivery

The powers of cities

The third component of our analysis concerns the extent to which the capacity of 'cities' to organise themselves and exercise their own, independent choices is facilitated by the forms and structures of governance that exist at sub-national level. This clearly matters; what national or devolved governments do or do not do through explicit or implicit urban policies provides only part of any explanation of how public policies and institutions impact upon urban change.

In this section, we aim to assess the way the implications of urbanisation have been reflected in the design of sub-national institutions of government, and what this has meant for the power of 'cities' to 'act' independently. The focus, therefore, is upon the recent history of reform in the powers, functions and geographies of local government. As noted in the introduction, the mid-1960s is an appropriate point at which to pick up this story; this is when debate over the need for comprehensive local government re-organisation to reflect the realities of a highly urbanised nation was at its peak. As we shall argue, it is only recently, after many decades of retreat from the implications of the analysis produced at that time, that attention has been refocused on the way that cities 'articulate' the territories that surround them.

Urbanisation and local government reform

Prior to the 1960s, the UK local government system was based upon a distinction between urban and rural areas. The map of local government that existed at the start of that decade was a patchwork quilt of over 1300 local government units, falling into 9 separate categories. Since the last major re-organisation, in the 1880s, some of the implications of the complex forms of urbanisation that had developed as a result of economic growth and huge increases in personal mobility had been recognised, administratively. Mainly, however, 'urban' authorities had been overlain on an administrative geography that predated the industrial revolution and was based on historic 'counties'.

This ad-hoc response to the UK's later industrialisation and urbanisation saw larger towns and cities, bar London, become covered, at least in part, by all-purpose (unitary) county boroughs responsible for all services. Outside these tightly-bounded urban areas, which accounted for 30% of the national population, there was a two tier system of local government in which 48 upper tier counties oversaw and shared service delivery responsibilities with three types of lower tier authorities: municipal boroughs, urban districts and rural districts. There was a degree of dynamism within this system. County boroughs, at least until the late 1920s, could annex adjoining territory, and lower tier authorities in the counties could apply for county borough status. The obstacles to achieving even these piecemeal changes, however, were substantial, and the system as a whole was beset with problems related to poor economies of scale, overly-tight boundaries, complexity and confusion about responsibility for service delivery, voter apathy and high levels of dependence upon external funding (Redcliffe-Maud & Wood, 1974: 23-4).

The Royal (Redcliffe-Maud) Commission that advised government on the comprehensive reform of the local government system introduced in 1974 was able to draw upon the experience of changes to London's governance in 1965. This had expanded the pre-existing

two-tier system for London by creating the 'strategic' Greater London Council – covering an expanded, metropolitan territory that drew in a number of areas in the shire counties formerly covered by lower tier districts – and 32 London boroughs, created from amalgamations of former boroughs and outlying districts, which became responsible for most personal services (bar education in inner London). The Commission was tasked with finding a better accommodation, for the rest of England and Wales, between the two perceived pillars of effective and responsive local government: efficiency and democracy (Redcliffe-Maud and Wood, 1974). Specifically, it sought a workable trade-off between:

- the functional effectiveness of local authorities, which was seen to revolve around achieving economies of scale through mergers of authority areas to create larger population sizes, and;
- their democratic viability, where debate focused upon the optimal population size for local authorities in terms of accountability to their electorates. For most Commission members, the preferred solution was to specify a threshold size, below which local government was considered technically unviable, and a population limit, above which it would become ungovernable.

The Commission's majority report advocated a primarily unitary system of local government outside London, comprising 58 authorities with populations of between 250,000 and 1,000,000. But it made a special case for the metropolitan areas centred upon Birmingham, Liverpool and Manchester, arguing that their large population sizes and influence over adjoining areas made them exceptional. In these three cases, the Commission recommended a London-like solution whereby a metropolitan authority would assume responsibility for 'environmental services' (planning, transport, policing, waste disposal, emergency services) and a number of smaller, lower tier authorities would become responsible for personal services (housing, education, social services etc.).

A minority report, by Commission-member Derek Senior, took the idea of 'metropolitanising' service delivery significantly further. It argued that the Commission's majority proposals were flawed on two counts. First, they had lost sight of the need for certain forms of service delivery to take account of the 'realities of social geography'. This was because relatively arbitrary population thresholds and limits had been allowed to determine the size and shape of the proposed new local government units. In short, they had settled upon a 'one size (range) fits all' model that did not allow for significant variation in the size, complexity and importance of urban areas. Second, they had failed to appreciate that the Commission's solution for the three ostensibly exceptional conurbations provided a model, based upon the delivery of environmental and personal services at different scales, that could be applied more generally.

Senior's alternative proposal was for a country-wide two tier system of local government organised around the principle of city-regions. His solution accepted that the economy of scale arguments favoured by other Commission members were relevant to the creation of 148 new lower tier authorities which he envisaged becoming responsible for personal services that demanded close engagement between providers and consumers. However, in his view, the geography of upper tier authorities, and hence the number of district authorities they would each oversee, needed to be consistent with hugely variable patterns of urbanisation. Therefore, the 35 new, upper tier, city-regional authorities he advocated would have had different geometries and population sizes but still conformed to a functionally standardised country-wide model of local government.

The reforms that were eventually introduced in 1974, however, followed neither the majority nor minority report recommendations. They created a two-tier system of local government in England and Wales – similar reforms were applied in Scotland in 1975 - but only in the cases of England's six largest provincial cities was change remotely based on the notion of city-regions. Even then, the boundaries of new metropolitan county councils were much more tightly drawn, and less 'city-regional', than either Redcliffe-Maud or Senior advocated. The reforms took on board the distinction between environmental and personal services and the argument that they should be provided at different scales but applied this principle unevenly.

The six new metropolitan authorities, centred upon Leeds, Newcastle and Sheffield as well as Birmingham, Liverpool and Manchester, were given responsibilities for 'environmental' services only (transport, police, planning). Elsewhere, upper tier county councils – based upon the larger, pre-existing shire counties – were given additional responsibilities for key personal services (education and social services). The suspicion this settlement aroused was that the logic of reform had been influenced by party politics and electoral geography. Specifically, a case could be made that the government which introduced the reforms (a) favoured historic counties, even though their boundaries lacked any economic rationale, because they provided the electoral power base of the governing party, and (b) limited the size and influence of metropolitan counties, where the opposition party was stronger, electorally. The division of functions between authorities meant that counties were afforded greater powers than their districts. Conversely, in metropolitan county areas, greater powers were given to the districts.

The early 1970s represented the high water mark for debate about metropolitan/city-regional 'strategic' service delivery. Since then, local government reform has paid little attention to the idea that 'strategic', environmental services should be delivered by directly-elected metropolitan or city-regional authorities. Instead, there has been a gradual movement towards unitary local government across the UK, triggered by: selective abolition of certain English upper tier local authorities created in 1974 (including all the metropolitan authorities, in 1986); an ad-hoc process of 'unitarisation' whereby some English districts have been allowed to claim independence from counties, and; the complete unitarisation of Scottish and Welsh local government in 1996. As a result, the UK's local government map has become an inconsistent patchwork of county, district and unitary authorities. The only counter-movement, until most recently, was for London, where a new strategic metropolitan authority (the Greater London Authority) and a new office of directly-elected Mayor of London were created in 1999.

The rehabilitation of city-regions?

The case for reconsidering the role that a city-regional level of administration outside the capital might play only re-appeared on the policy agenda in the mid-2000s. And this time, the focus of debate - led by the Core Cities group of local authorities, which represents the central areas of the major provincial conurbations, and including elements of central government, various think tanks and academics – was on urban economic performance. It was argued that:

- the 'renaissance' that occurred within core urban areas during the long period of economic growth that preceded the global financial crisis in 2007 had re-invigorated city-regional economies (Core Cities Working Group, 2004) to such a degree that they now 'drove' regional fortunes (Parkinson, 2003), but;

- if provincial UK city-regions were to match the performance of mainland European comparators (ODPM, 2004) and help the national economy ‘fire on more cylinders’, further action would be needed to enable them to reach their full potential.
- the momentum for ‘city-regionalisation’ that began to gather pace in the mid-2000s has been carried forward, at least in England, by the 2010 - 2015 government’s decisions to:
 - abolish the regional agencies that had been established or strengthened by its predecessor;
 - create business-led Local Enterprise Partnerships as strategic bodies charged with pursuing economic growth in inter-municipal territories that are argued to be ‘natural economic areas’;
 - enable the creation and/or development of Combined Authorities, covering a number of city-regions centred upon northern English cities (Manchester, Liverpool, Leeds, Sheffield, Newcastle) and;
 - late in the Parliament, unveil a number of investments in science and infrastructure, as the first stage in the development of the ‘Northern Powerhouse’, whose aspiration it is to link together and build upon the assets of northern English city-regions and promote economic rebalancing.

Change was piecemeal, however, and largely achieved through a series of bespoke ‘deals’ between government and Combined Authorities. With the exception of Greater Manchester, whose ‘city deal’ and pre-election ‘devolution deal’ had more teeth than most and which is set to assume control over substantial (£6m) devolved health budgets, the degree of devolution involved has been modest.

If the period since the early 1980s saw a wholesale retreat from, followed by a partial rediscovery of, the idea of strategic metropolitan/city-regional service delivery, it has also witnessed a revolution in the purposes and modes of operation of local authorities. Privatisation and marketisation have radically reduced the powers of ‘command and control’ that local authorities once exercised in key policy areas such as housing, education, leisure and social services. A steady expansion in the responsibilities of unelected and indirectly elected agencies, partnerships, private firms and social enterprises has seen urban local authorities become but one of many ‘actors’, albeit a critical one, involved in local service planning and delivery. At the same time, local authorities have acquired a general power of competence to promote the economic, social and environmental wellbeing of their areas and inhabitants. This means the traditional principle of *ultra vires*, whereby authorities are enabled to do only that which is expressly permitted by statute, is less constraining than ever.

These changes have focused greater attention upon the ‘enabling’ as well as the direct service-provision role of local authorities. The range of things that authorities are expected to enable has also expanded. Issues such as economic development, regeneration, environmental sustainability, climate change mitigation, social cohesion – none of them amenable to traditional, municipal ‘command and control’ approaches - have risen up the local authority agenda to the point where the established professions within local government, based upon ‘technical’ competences in specific policy areas, are increasingly seen as narrow and anachronistic.

Devolution and cities

Whilst government responses have as yet been patchy and tentative, significant momentum has developed, outside Westminster and Whitehall, for greater devolution of powers and resources within England. This is not least because it is argued this would improve sub-national economic performance (Core Cities, 2013; Centre for Cities, 2014; City Growth Commission, 2014, CLG Select Committee, 2014; Respublica, 2014, 2015). The basic case being articulated here is that UK devolution, with the partial exception of London, has not crossed the English border. Compared to the devolution and decentralisation programmes that have been introduced in formerly highly centralised countries like France and Spain, England is seen as 'out of step', internationally. Continued devolution to the non-English UK nations, and the response to the 2014 referendum on Scottish independence in particular, has sharpened this debate significantly, especially on the issue of fiscal autonomy. Since the 1980s, when the business rate was nationalised and central powers to limit council tax (or 'domestic rates') increases were first introduced, local (including 'city') authorities' power to vary local taxes and spend the proceeds on their own priorities has progressively dwindled to the point where virtually all fiscal power is held nationally. This could be argued to be consistent with a model of governance designed to ensure 'fairness' in resource distribution, thereby avoiding 'post-code lotteries', and to facilitate the delivery of locally-sensitised but nationally-funded government-sanctioned services to the same broad standard across the country. The argument of reformers, however, is that the price paid for this level of centralisation is a cadre of leaders within local government who, understandably, are more pre-occupied with how authorities perform as 'agents' for national government than with what they could achieve for residents and users of 'their' places.

Some of the reforms introduced by the last government, allowing the retention, by local authorities, of a proportion of the growth in business rate and council tax income arising from new housing and commercial development, provided modest incentives for growth. Early indications of the stance being adopted by the new government suggest that further reforms will be encouraged. The Chancellor's post-election announcement that future 'devolution deals' of the type granted to Greater Manchester will be available to those (English) city-regions whose leaders are prepared to move toward the direct election of a 'metro Mayor' is one clear indication of the direction of travel.

The devolved administrations in Wales and Scotland, too, having paid less attention to urban policy for much of the period since the Welsh Assembly Government (WAG) and the Scottish Parliament were created (Turok, 2007; Morgan, 2014), have begun to move in similar directions. In Scotland's case, the 'rediscovery' of urban policy has focused upon understanding and building upon the economic interdependencies between urban areas within a Scottish 'system of cities' (Waite et al, 2013) rather than upon individual city-regions. The Scottish Executive was nonetheless a joint signatory, with the UK Parliament, on a Glasgow and Clyde Valley city deal, the first such initiative outside England. In Wales, despite the uncertainties that exist over the future shape of local government following a programme of mergers that will halve the number of local authorities, new city-region 'boards' were established, after work by a WAG 'City Regions Task and Finish Group', for the Swansea Bay area (2013) and the 'Cardiff Capital City-Region' (2014). A 'Great Western Cities' partnership between Cardiff, Newport and Bristol has also been established as a cross-border equivalent to England's Northern Powerhouse.

For all the devolution reforms, city-regional initiatives and campaigning of recent years, it is clear that the UK remains highly centralised. There is no consensus, however, on whether devolved governance produces an 'economic dividend'. It is argued that the existence of a tier

(or at least some agencies) of government at the level of the functional urban area is associated with improved economic performance (Cheshire and Magrini, 2004; OECD, 2013). The use of a limited set of indicators of economic change and the tendency to see metropolitan or city-regional governance as a 'black box', rather than to demonstrate how it performs in practice, however, limits the robustness of that analysis (ESPON, 2007). Equally, some studies have concluded that a high level of sub-national governmental autonomy – irrespective of the sub-national 'units' involved - has a generalised, positive effect on economic growth, whilst some see it as neutral in its economic effects and others argue that it has a regressive effect which magnifies spatial disparities (London Finance Commission, 2013).

We cannot claim to have any additional empirical evidence, here, but note three things that characterise the discussion about devolution in relation to cities. First, claims made about the autonomy and power of 'cities' in other national contexts are often conflated with that of all tiers of sub-national governance, including intermediate layers such as states, provinces, regions or counties which may, in some cases, be organised around a key urban centre but often include a variety of cities and towns (and occasionally none). Second, assessments of the degrees of sub-national autonomy, as measured by control over sources of taxation, struggle to take into account the way in which financial equalisation mechanisms redistribute resources from low need-high tax yield areas to high need-low yield ones. This means that the 'autonomy' of the former can be significantly over-stated. And third, the idea that devolved powers and resources are necessarily used to economic advantage appears to overlook a basic principle on which devolution is generally based; that it affords the power to choose, not a requirement that the results of choices can be pre-ordained. Critics of UK centralism, certainly with respect to provincial England, are right to suggest that the platform afforded to city-regions, outside London, is flimsy, but are wrong to assume that the stronger platforms available in other national contexts are all the same or are used equally well.

5. Potential futures for urban policies and governance

Earlier sections of this paper have highlighted the ways in which the interplay between relatively weak explicit urban policy, stronger implicit urban policy and highly variable but relatively tight constraints upon sub-national autonomy, particularly in England, has been associated with long-run growth in regional – and by implication city-regional – disparities within the UK and the evolution of an urban system that is not economically competitive by international standards.

The fifty-year period covered by our ‘backward look’ is one in which, across the developed world, the transition from a late industrial to a knowledge-driven economy has been associated with the recovery and growth of certain big, dense, diverse and well-connected cities and city regions, by growth in smaller urban areas that did not have to overcome the legacy of the loss of traditional industries, and by significant, if variable growth in inter-city (as well as intra-urban) disparities. In the UK case, a higher-than-average level of inter-city disparities appears to have been accelerated by the fact that the London super-region has been most favoured by implicit urban policy, certainly in the most recent period. The capital has also been equipped with an institutional platform for partial self-determination. Whilst this remains relatively weak relative to some non-UK comparators, it is nonetheless stronger than that which exists, as yet, at the metropolitan/city-regional scale, elsewhere in the UK, the ongoing development of Combined Authorities and other forms of city-regional governance notwithstanding. The non-English nations, too, have been beneficiaries of implicit urban policy. However their lack of economic dynamism, relative to southern England, and the fact that an urban dimension to devolved administrations’ policy agenda is of relatively short standing has meant that this has not translated into urban economic performance that is significantly better than in less-favoured provincial England.

Seen in this context, it was only ever likely that explicit urban policy would have discernible, aggregate effects on urban development trajectories during periods in which it was proportionately more important, that is to say when its impacts were not ‘drowned out’ by those that arise from a combination of implicit urban policy and the spatial consequences of institutional reconfigurations that enable ‘cities’ to act independently. With the abandonment of ABIs in 2010, the high point of national, explicit urban policy appears to have passed. There are also reasons to believe that the mild fiscal incentives for development (commercial, residential) that have been introduced since the onset of austerity budgeting will further strengthen southern England, where market pressures are strongest and local revenues are most buoyant.

We have noted that there is little research examining the impacts, upon particular places, of the long-run co-evolution of explicit and implicit urban policy and changes in the forms and practices of urban governance to refer to. However, we contend, on the basis of the evidence we have considered, that the cumulative successes that arise from their interactions have been maximised when:

- there has been an ongoing ‘layering’ of explicit, invariably time-limited programmes, in the same broad area, over time;
- implicit urban policy choices and investments have supported developments in urban asset bases in those same areas;

- there have been dedicated attempts, by the institutions and organisations that exercise leadership for those places, to loosely align explicit and implicit policies in the service of broader, strategic and tactical objectives, and;
- sufficient actual or latent market dynamism has existed to make place-based development sustainable over the longer term.

The widely-cited examples of Greater Manchester, and especially the turnaround in the fortunes of the centre of the conurbation, along with the rehabilitation and functional re-invention of London's docklands, represent very different models of the way in which this loose coupling of various 'drivers' of change has been achieved over time. In neither case have 'successful' outcomes prevented the fragmentation of metropolitan areas that has increasingly been associated with recent patterns of urban development; both contain distinctive patterns of 'winners' and 'losers' (or at least non-beneficiaries) across their respective conurbations/city-regions. However the contrasts that exists with other large conurbations are stark. For example, Birmingham grew in population size but lost private sector employment during the long pre-crash era of national economic growth, despite experiencing ostensibly similar conditions, along with smaller, peripheral urban centres (e.g. Hull, Stoke), where these preconditions were not present to anything like the same degree. They give substance to the argument that urban policy has only 'worked' when each element of the above package of attributes has been in place and that none of them, individually, represent sufficient conditions for positive change.

From our analysis, it follows that improved urban economic performance, less reliant upon London and the areas that benefit from their proximity to the capital, on which long-term, sustainable well-being in the UK is likely to depend, rests upon:

- increases in productive spending to something approaching the levels that characterised the period before explicit urban policy was introduced and bears comparison with higher international standards;
- the conscious pursuit of implicit urban policies that recognises the imbalanced patterns of productive spending over (at least) the last 15 years and is focused upon releasing the potential of a wider range of key city-regions, and;
- the targeting of discretionary spending, within city-regions/localities, that can maximise the impact of a national urban policy that targets productive investment more strategically; this might come either from a refashioned, national explicit urban policy or from enabling city-regions/localities to raise the necessary resources themselves.

This, however, represents only one potential future scenario that is implicit within some strands of urban policy debate but is not articulated clearly, certainly by the UK's major political parties. The broader question that remains is how inevitable the future growth of disparities between the London super-region and the rest of the UK – even to provincial 'success stories' like Greater Manchester - is and whether it is likely to prove sustainable in economic, environmental, social or political terms in the period to 2065. We know from sister papers in the Future of Cities Foresight programme that growth in the urban population is expected to be significant in the next four decades. Champion (2014) has estimated that there will be 5.7m more urban residents in the UK by 2037 and a further growth of 4.1m by 2062. This projection poses some obvious questions about where the urban employment base that can support these numbers might come from. As Williamson (2014) notes, if planning does not integrate changing flows, forms and infrastructure provision at a national and regional level there will be a mismatch as

different systems struggle to catch up with rapid change, and a danger that the historic success of the planning system in managing patterns of development will be undermined. Slack and Cole (2014), in their review of comparative urban governance, also suggest that some form of regional governance is needed to address externalities and that this will need to be combined with a substantial degree of sub-national financial autonomy.

At the global scale, the Mckinsey Global Institute (2011) has estimated that, in the period to 2025, the UK will make the 7th largest national contribution to city-based economic growth but that London, alone, will feature in the list of the world's 'top' 10 performers. It also anticipates that the explosive urbanisation taking place in the newly developed and developing worlds will mean that 136 cities in the older developed world (especially in Europe) will be displaced from their global ranking within the 'top' 600 cities in that time. Provincial UK cities are likely to feature prominently within this list given their long run underperformance by international standards.

These assessments of potential future change are consistent with a strand of thinking that (a) questions whether the notion of the 'national' economy is any longer an effective way of thinking about economic change in an era characterised by low cost movements of finance, goods, innovations and (to a lesser extent) people across the globe, and (b) more or less explicitly suggests that the dwindling room for autonomous manoeuvre available to national governments betokens a move 'back to the future', to an era in which city(-region) 'states' play a more fundamental role in managing economic and social life. Thus, for example, the business economist Ohmae (1993: 78) has argued that; '[t]he nation state has become an unnatural, even dysfunctional, unit for organizing human activity and managing economic endeavour in a border-less world. ... On the global economic map the lines that now matter are those defining what may be termed 'region states''. Peirce (1993: 2), in similar vein, has suggested that 'national economies are ... constellations of regional economies, each with a major city at its core, each requiring specific and customized strategies'. Katz and Bradley (2013) claim to see evidence of such a process taking place in post-financial crisis US.

Future scenarios for cities and public policy

In anticipating potential changes in urban policy and governance in the period to 2065, we have tried to avoid thinking in the abstract about substantive urban futures, whether these are based upon path-breaking 'dream' or 'nightmare' scenarios or a continuation of established trends. These are covered, to some degree, by sister papers within the Future of Cities Foresight programme, by the programme as a whole, and by a range of long-term 'urban futures' exercises (see, e.g., JPI Urban Europe, 2014). Instead, we recognise that the 'futures' we can envisage with respect to cities and public policy will be determined by political choices and that the alternatives, therefore, depend upon the way in which current and future threats and opportunities and the perceived imperatives that arise from them register and are mediated, politically. Rather than imagine potential urban futures - be they utopian, dystopian or something in between - and then 'backcast' in order to understand the routes through which they might potentially be realised, we prefer to work forwards from the current point in time and to consider feasible, future pathways and the broad effects they may have upon the UK system of cities (particularly on inter-urban disparities) and differences within cities/city-regions (i.e. intra-urban disparities).

This is not a perspective that can easily take advantage of statistical projections and the confidence intervals associated with them. Indeed, we cannot even be confident that the UK will

exist in the same form by 2065. If the 'ratchet effect' of devolution continues to evolve at the same pace that it has since the late 1970s, for example, it is likely that, within the next 20-30 years, the process of enabling the choice to become independent will have a knock-on effect on aspirations for greater levels of self-governance elsewhere in the UK. The political history of the UK over the last 50 years suggests that such aspirations are likely to have greatest traction where nationalist/regionalist parties are able to cause electoral damage to UK-wide ones by articulating a popular sense of grievance with the status quo and confidence in the prospect of being able to achieve better outcomes with more strongly devolved or independent powers.

Any attempt to think about potential urban policy futures in this way requires a simple, robust framework that can capture the main lines of change, looking back, and anticipate potential future directions. In trying to capture the major dimensions of urban policy change we have noted since the mid-1960s, we propose two main axes: one depicting degrees of centralisation as against devolution (the y axis), the other describing a continuum between reliance on public services, investment and regulation, at one end, and upon private services, investment and regulation at the other (the x axis). In using this framework to anticipate potential future trajectories, we are effectively suggesting that a third, broad development regime since the end of WWII may be in the process of being created. The first, focused upon debt-financed post-war reconstruction, the creation of a national welfare state and a mixture of comprehensive redevelopment of established urban areas and the creation of new ones, lasted until the financial crisis of the mid-1970s. The second, characterised by privatisation, marketization, lower public investment, the selective regeneration of urban areas and the rehabilitation of marginal communities, ended with the most recent global financial crisis.

The characteristics of the third, as it affects urban policy, are still evolving. We can, however, make some reasonable, limiting assumptions that are consistent with Glaeser's (2012) observation that in the future we are likely to live in a 'flat world of tall cities'; that is to say that inequalities in wealth and life chances at the global scale will continue to reduce, making the world 'flatter', but that inter-urban contrasts will continue to grow. We assume that:

- agglomeration economies will exert an increasingly powerful influence over the locational preferences of firms and households and that their effects will be to re-inforce the importance of the larger metropolitan urban areas and the development corridors that connect them and to drive further differentiation in the comparative economic performance of city-regions;
- as a result, future migration movements will be dominated by flows amongst the young, economically active population to dense city-regional labour markets and the subsequent decentralisation of economically active households (mainly within the same city-region) and retired households (often further afield);
- London will retain its status as a global finance centre, at least in terms of the volume of activity that firms based in the capital are currently engaged in, if not its current level of international pre-eminence;
- relatively high energy prices and pressures to limit carbon emissions, along with the impact of potential extreme weather events, will further re-inforce densification in key urban areas and underpin future city-regional population growth;
- the macro-economic challenge of deficit control, debt-reduction and action to tackle the trade deficit will continue to constrain domestic public investment options in relation to

implicit urban policy for at least another decade and is likely to rule out consideration of any potential return to comprehensive, explicit, national urban policy during that time;

- the processes of occupational change and trends in household-formation that have intensified polarisation in household incomes will continue and, irrespective of future choices about welfare reform (which currently exacerbate household income polarisation), will continue to drive the inter-urban ‘sorting’ of residents according to their positions within (and outside) the labour market, and;
- the principal ‘units’ relevant to future decisions about sub-national institutional and policy reform will be the three non-English UK territories, London, provincial English city-regions (including those currently covered by emerging Combined Authorities) and other ‘natural economic areas’, however they are defined.

Figures 5.1 and 5.2 indicate the positions that these various ‘units’ currently occupy along the key axes we propose. Figure 5.1 deals with current degrees of devolution, and depicts a hierarchy in which decision-making is most centralised for provincial English cities outside London. They are followed by those areas that have, or are seeking, Combined Authority (CA) status which is (or will be) associated with modest increases in statutory powers and opportunities to deal directly with national government. The hierarchy continues with London, where metropolitan institutional structures are stronger and better established than elsewhere in England, and the UK’s non-English devolved territories, where devolution has proceeded furthest but where a distinction needs to be made between the stronger powers that have been, and are set to continue being, awarded to the Scottish Parliament, and those granted to Wales and Northern Ireland.

Figure 5.1 Current degrees of devolution amongst sub-national ‘units’ of UK governance

Hierarchy:
centralisation to
devolution

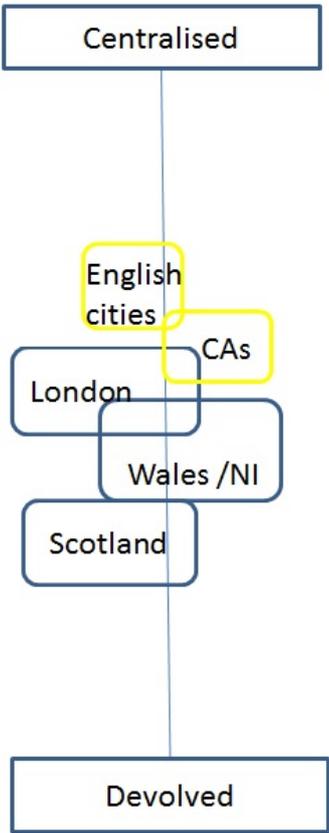


Figure 5.2 performs the same task with respect to the current degree of reliance that each of these sub-national units has upon private as against public service delivery, investment and regulation. The picture it paints is highly impressionistic and is only meant to convey a number of observations that fall out of our earlier analysis. Paramount among these are that:

- the devolved territories receive preferential public spending settlements, primarily through the Barnett formula, which produces higher allocations of spending per head outside of England than within it;
- London, too, receives a level of public spending that is higher than in the rest of (urban) England as a result of preferential treatment in relation to implicit urban policy but is less reliant upon public sector support because of high levels of private investment in the capital;
- the status of existing and emerging Combined Authorities with respect to public sector support is, at least potentially, marginally higher than in the rest of England outside London given the slight privileges they have in relation to implicit urban policy choices through mechanisms such as City Deals, and;
- other English cities are ranged along a broader spectrum, depending upon their relative economic buoyancy and the extent to which this reduces or increases reliance upon public services, investment and regulation. In broad terms, cities in the south of England are less reliant than their equivalents in the midlands and the north.

Figure 5.2 Current degrees of sub-national reliance on public vs private resources

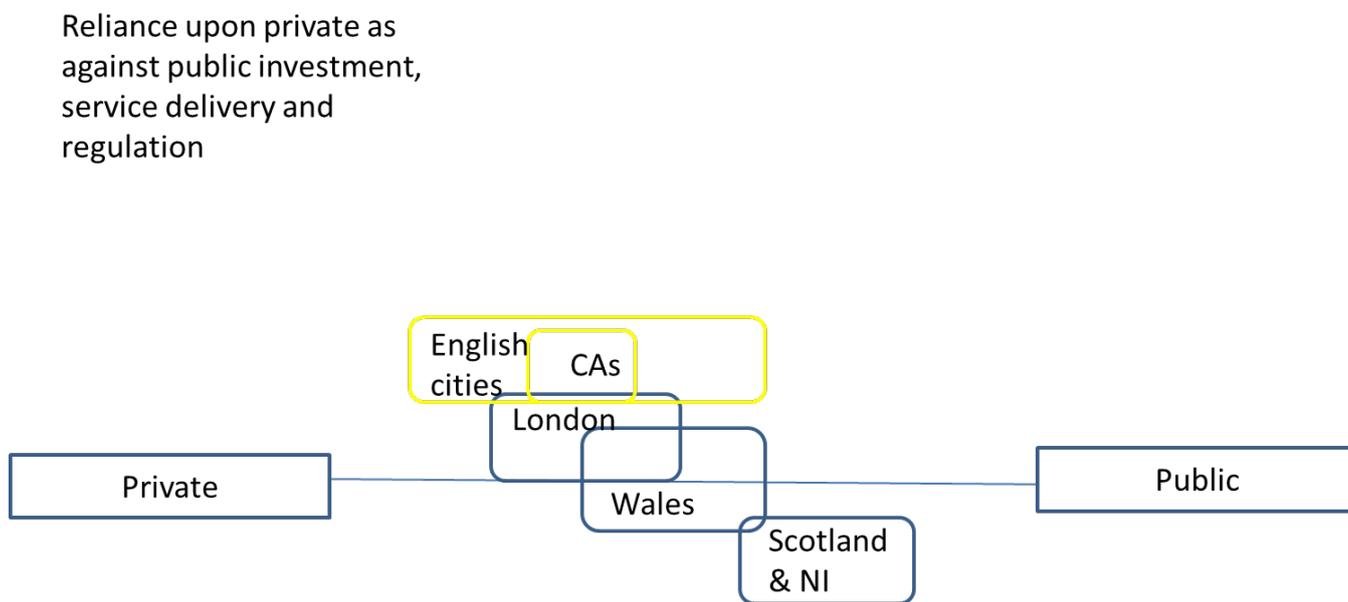
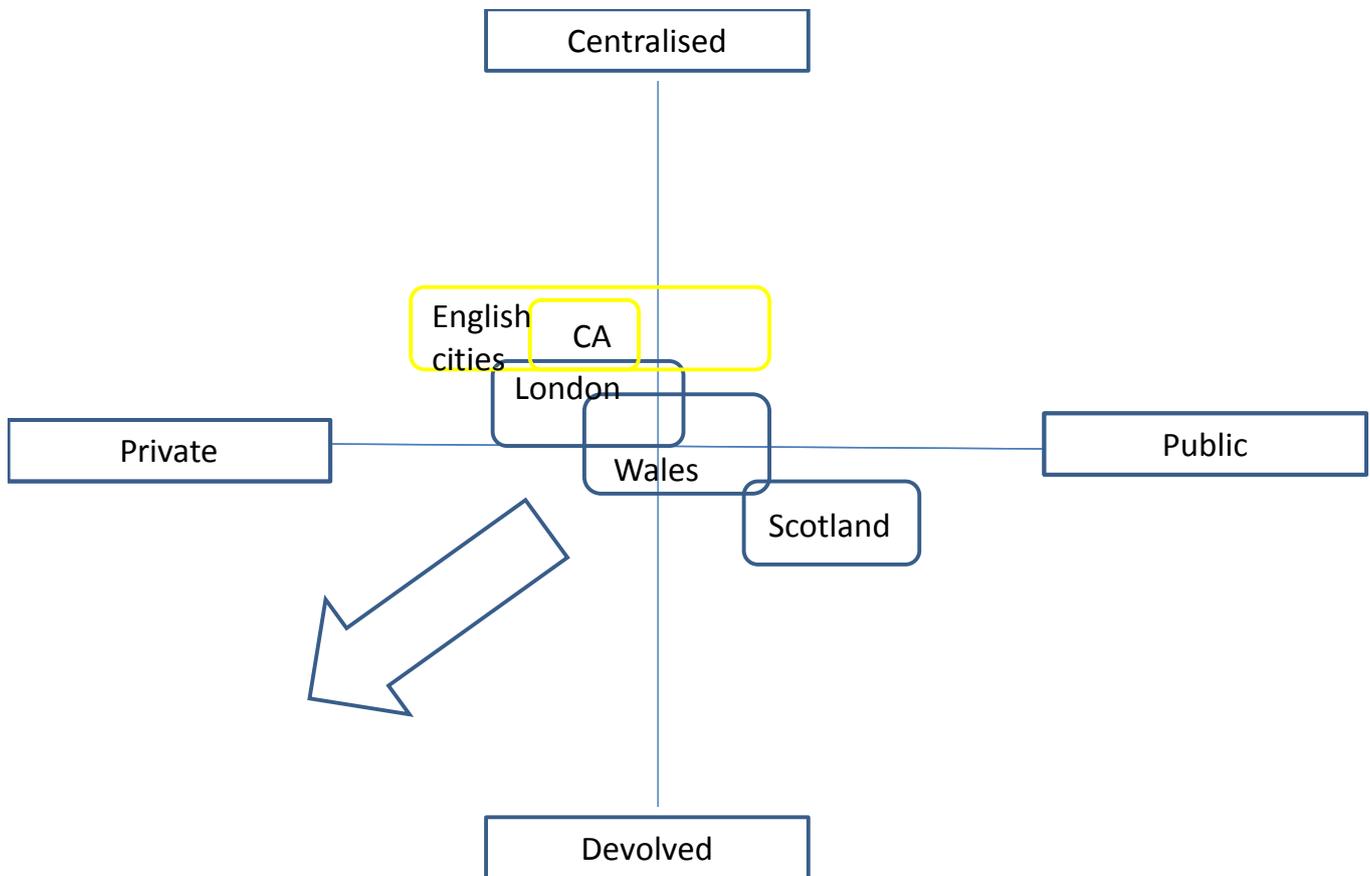


Figure 5.3 combines these two axes and indicates what we consider to be the current direction of travel, which is toward further devolution and greater reliance upon private service delivery, investment and regulation. We anticipate further pressure for moves in this direction fed, in the short term (to 2025), by: (a) continued public spending constraint; (b) a desire, on the part of national governments, to pass difficult choices about resource allocation down to sub-national levels, and; (c) further politicisation of the issue of resource transfers to sub-national tiers of

government, based upon alternative, bottom-up interpretations of what is 'fair' and 'efficient', and what might represent an acceptable trade-off between them.

Figure 5.3 Current direction of travel



We accept, however, that continuation along the current trajectory is not the only possible pathway. It is necessary to consider departures from this path, certainly over the longer term. These depend, in turn, upon political decisions about key aspects of urban policy, as we have understood it, which include:

- the extent to which a commitment to the spatial rebalancing of the UK economy might change over time;
- the degree of emphasis that is given to the continuation of redistributive, demand-led funding programmes (as opposed, e.g., to the selective 'localisation' of welfare);
- the extent to which the 'failure' of some places is seen as politically acceptable in order that others may 'succeed';
- how the legacy of weakening governance capacity in areas that have experienced protracted economic decline will be viewed and addressed;
- the extent to which greater recognition of the way implicit urban policies shape sub-national economic trajectories develops and is acted upon, and;

- the extent to which UK city-regions, in future, depend upon nationally-allocated resources as opposed to international investment and/or resources they are able to raise independently.

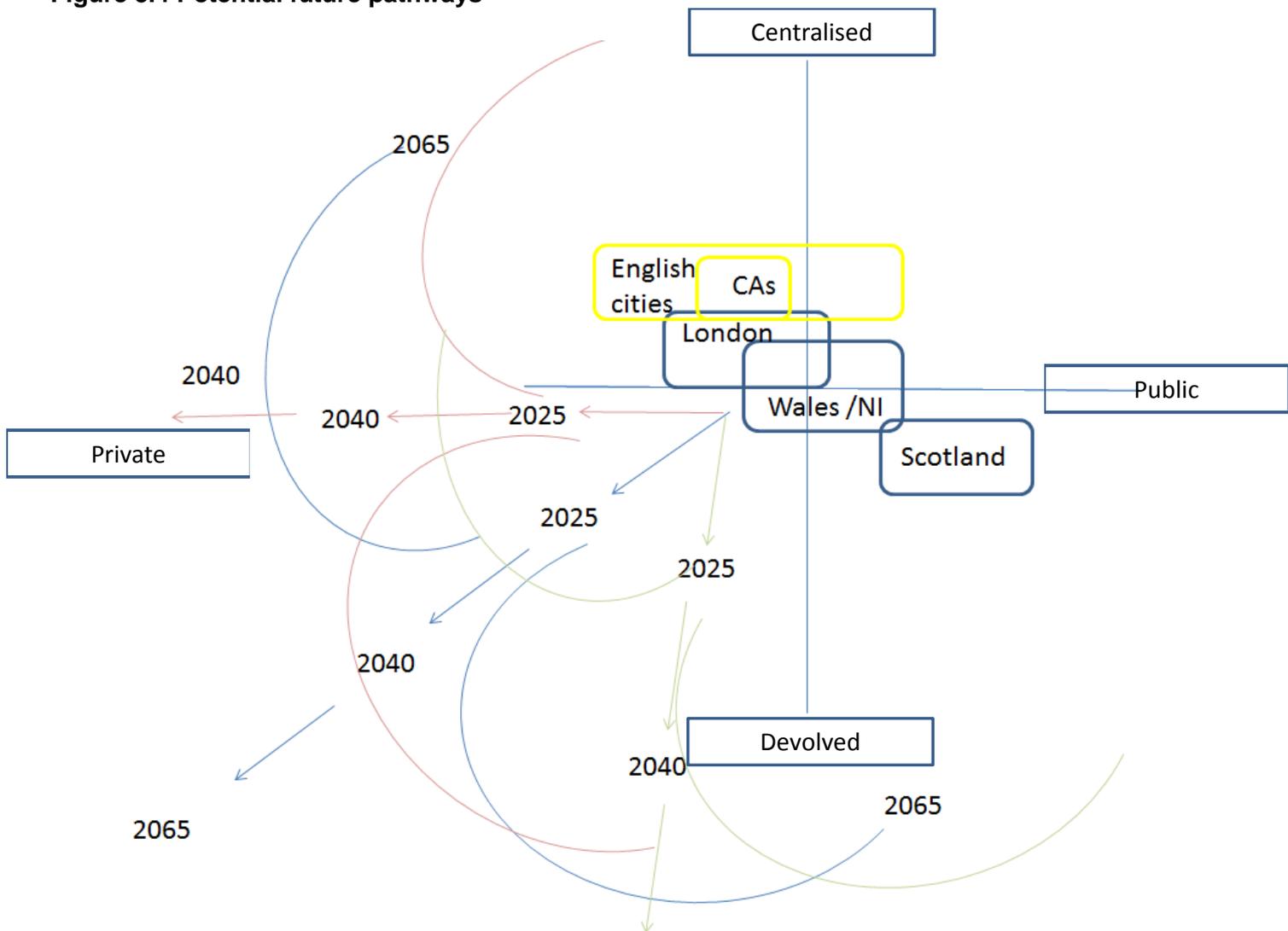
Depending on the way these questions are answered, three broad alternatives may emerge. The first of these is a 'minimal change' approach. Here, the relatively small scale sub-national economic development packages and the muted forms of devolution in England that have characterised the 2010 -15 Parliament sit alongside the more extensive devolution offered to Scotland, potentially followed by Wales and Northern Ireland. This path is most likely to be followed, in the short term, if precedence is placed upon expenditure constraint and tight Treasury control over public finances and if any controversy over the differential treatment of different parts of the UK that arises from current devolution plans serves to limit the pace at which they develop in the future. In those circumstances, there may be initiatives to decentralise nationally-determined funding streams to the sub-national scale, along the lines of existing City, Growth and Devolution Deals but there will be little or no capacity to vary resources according to sub-national perceptions of need or potential.

The second would see the development of a private sector-led approach where fiscal devolution plays a more substantial role in facilitating urban growth and enables the realisation of sub-national, supply-side policies focused on land, transport, housing, education and skills. This approach also assumes tight fiscal policy, nationally, and limited redistribution from the national to sub-national levels. Political responsibility for development and prosperity, here, is seen to rest at the sub-national scale and effectively forces the development of sub-national growth policies and an intensification of sub-national – and particularly inter-urban – competition. This approach is likely to be associated with the liberalisation of planning regimes, driven by a search for lowest-cost market development and the pursuit of increased business rate and council tax income and private investment.

The third would see the development of a public/private sector partnership approach which would necessarily involve closer co-operation between central and sub-national government, designed to achieve the best outcomes for cities in terms of growth and the delivery of public policy. This implies a more collaborative approach which would devolve powers and resources to cities and recognise the different starting points, in respect of governance capacity, from which sub-national authorities can build. This approach would be more cautious about the 'failure' of places and would seek to manage the pattern of future urban growth more actively. It would need to be supported by redistribution, an approach to implicit urban policy that foregrounds the spatial rebalancing of the economy, and significant development of analytical and delivery capacity at the sub-national/city-regional scale.

Figure 5.4 takes these three potential lines of development and extends them over a longer time horizon. It is intended, primarily, as a heuristic device and not as a prediction, but illustrates the way in which decisions taken in the immediate future (to 2025) influence the way in which longer-term trajectories develop. It assumes that the three broad approaches to urban policy outlined above would lead in three different directions: the first (the red line) to greater reliance upon private investment, service delivery and regulation with no significant increase in sub-national devolution or delivery capacity; the second (the blue line) to greater reliance upon market change but with further devolution and a growth in sub-national/inter-urban competition, and; the third (the green line), to no substantial increase in the reliance on market change but with further devolution and the development of greater inter-governmental capacity to manage future urban growth more purposefully. Depending on which of these pathways are taken, future divergences can take a number of routes, as indicated.

Figure 5.4 Potential future pathways



Potential pathways

The period to the mid-2020s will determine what forms of devolution will be granted to which sub-national authorities within what is set to be a constrained public expenditure climate. This settlement will then provide a platform for what can happen in the period to 2040, during which time a new urban policy regime is likely to mature. Broadly speaking, there are three potential options, here, depicted in Figure 5.4 as three divergent paths. One, the upper line in Figure 3.4, is a continuation of the direction of travel in the forthcoming period, which would see little in the way of further devolution combined with greater reliance on private as opposed to public service delivery, investment and regulation. This scenario is broadly consistent with those set out in other Future of Cities Phase I papers which anticipate greater divergence in city-regional performance and prosperity and greater variation in life chances and lifestyles between different groups within city-regional populations. Further continuation along the same path to 2065 would be consistent with scenarios that anticipate severe problems of urban management arising from further growth in intra- and inter-urban disparities, social and cultural fragmentation and the development of highly fragmented cities (one version of which is the ‘fortress city’ (Urry et al, 2014)).

An alternative pathway from the mid-2020s – the middle line in Figure 5.4 - would see an acceleration in claims for sub-national autonomy arising from the experience of further devolution, greater reliance upon private service provision, investment and regulation and bigger inter- and intra-urban disparities. This scenario would be driven by a politics of urban crisis management that would have some similarities to the independence movement in Scotland over the last 30 years, that is to say a growing antipathy to membership of a collective, national entity and greater affinity to a sub-national ‘unit’ on the basis that ‘it’ would be better off running its own affairs. This scenario would not necessarily involve the break-up of the UK, but it would mean the development of a more federalised structure of government in which quasi-independent (English) city-regions would play a much stronger role. Continuation along this line of travel in the period after 2040 would not necessarily lead to deepening reliance upon private service delivery, investment and regulation. It could well lead to a strengthened role for public provision as a means to managing crisis tendencies more effectively.

A final potential pathway from the mid-2020s – depicted by the lower line in Figure 5.4 – would see a different sort of reaction to growing inter- and intra-urban disparities, characterised by a higher level of national government intervention and a reduction in the level of reliance on private service provision, investment and regulation. This would necessarily be driven by a national, UK politics that put greater value on social cohesion and the reduction of disparities in the name of national solidarity. Such a politics may arise spontaneously out of the experience of change over the next decade but it could also be driven by future crises. This scenario is consistent with the arguments made by other Future of Cities papers (e.g. Williams, 2014) [refs] which argue that the transition to a future characterised by sustainable development and ecological security depends upon the development of a new, national model of development that prioritises productive investment over private consumption.

What each of these pathways might mean, in terms of future changes and potential outcomes, is set out, schematically, in the three text boxes below. Each sets out different approaches to devolution to 2065 which should not be seen as mutually exclusive. The first pathway projects forward the approach which has been developing over the last fifteen years and accelerated over the 2010-15 Parliament, characterised by a limited programme of devolution and constrained public investment with improved transport networks being prioritised. The more expansive devolution programme considered in the second pathway shares the constrained public expenditure framework and builds on the outcomes we would expect to see being developed in the first pathway but with greater freedoms and flexibilities for the private sector to influence spatial development. The third pathway seeks to address the same issues of spatial inequality and economic underperformance as the first and second but with a much stronger partnership approach between central and local government, and a stronger emphasis on managing change. Under all three scenarios we would expect intra-regional inequalities to become more pronounced in parts of the North and English Midlands (as well as parts of Scotland where similar patterns of fragmented growth can be observed).

Pathway 1: The Incremental Approach to devolution

To 2030 (assumptions):

- Public sector resources for economic development and infrastructure are constrained;
- Transportation continues to be prioritised for capital expenditure on HS2/3;
- Devolution occurs selectively to areas with stronger governance structures, leading to an urban system with few voices; and
- Higher levels of investment in economic change remain focused upon the London Super Region and the cities in the devolved administrations.

With Outcomes 2015-2030

- Differential economic development trajectories noted as a feature of the UK since the 1970s continue along established spatial patterns;
- Limited innovation in urban policy and local economic development;
- In many urban areas twin issues of relatively low GVA and Employment growth coupled with high population growth;
- Better connectivity for Manchester and Birmingham/Leeds to London with HS2 and 3;
- Continued development of London on an east west axis as a result of the completion of Cross Rail; and
- The cities in the devolved administrations continue to benefit from higher subsidy levels and effectively have a different model of management and change from English cities.

With Maturation to 2040

- Strong development pressure in the CBDs of Birmingham, Manchester and Leeds triggered by HS2 and 3 opportunities;
- Competitive advantage strengthened for Manchester, Leeds and Birmingham compared to less well connected places such as Liverpool, Bradford and Newcastle;
- Disconnected hinterlands such as East Lancashire and North Staffordshire exhibit signs of severe social and economic strain; and
- London continues to intensify its urban form and dominate the economic landscape.

To 2065

- Fragments of the Birmingham, Leeds and Manchester conurbations thrive but exist within a fractured urban environment with serious inequality;
- London has self-sustaining growth and sits separately from the rest of the UK urban system; and
- Cities in the devolved administrations continue to diverge from England with lower levels of inequality and greater social cohesion in urban areas of Scotland and Wales.

Pathway 2: Private sector led approach

To 2030 (assumptions):

- Devolution of key budgets;
- Development of explicit pro-growth Urban Policies;
- Roll out of new governance arrangements; and
- Development of distinctive approaches/programmes of activity in response to new policy frameworks.

With Outcomes 2015-2030

- Population growth in most cities, paradox of overcrowding, and new development in the core of cities we decentralise people and economic activity to the periphery because of lower development and infrastructure costs- stark divisions between fragments of successful cities and those cities which cannot compete on the new playing field;
- Faster growth in selected locations because of liberalisation of the planning system; and

With Maturation to 2040

- Development of strong growth corridors and knowledge based CBDs;
- Acute issues of negative change in some geographic locations relating to low growth and population loss;
- Continued dominance of London as the main driver of urban change- emergence of clear winners and losers in the Midlands and North;
- Greater functional relationships developing between Birmingham and London as a result of HS2; and
- Infrastructure costs associated with writing off public sector investment in schools and health services in some locations whilst having to reinvest in rapidly growing environments.

To 2065

- Radical redistribution of population in Northern England;
- less pronounced movement in the midlands because of functional relationship developed with London and the south east; and
- Much more pronounced decentralisation of employment and housing around successful northern cities as well as increased populations at the core.

Pathway 3: Intergovernmental and Public Private Sector Partnership approach

To 2030 (assumptions):

- Substantial staged increase in infrastructure investment targeted at cities;
- Devolution of budgets, powers and responsibilities;
- Development of explicit urban policies by local and central government;
- Development of a planning framework which links urban change with provision of resources, for roads, rail. Schools and housing for example;
- Redistributive funding to dampen the impact of differential growth on relatively uncompetitive places;
- Programme to support the development of capacity in areas which have a history of weak governance; and
- Development of national policies to diversify the economy and rebalance it spatially.

With Outcomes 2015-30

- Relatively modest pace of change in relation to urban form and economic trajectory;
- Increasing population in urban centres; and
- Beginning of process of intensification of cities.

With Maturation to 2040

- Higher growth rates in selected locations- development of transport infrastructure to link some uncompetitive places with growth areas;
- Areas with limited economic potential assisted to manage urban form down in size;
- Continued support for infrastructure and housing in growth areas;
- Evidence of rebalancing; and
- Development of distinctive programmes and outcomes.

To 2065

- Rebalancing with significant imbalances still evident in Northern England;
- Strong interconnections between the cities in the M62, and between London and Birmingham and Bristol(corridors and growth nodes); and
- More diverse economy , driven by cities and their hinterlands.

The existing system of cities in the UK has London at its apex followed by a cohort of smaller cities which are mostly located in the south of England. None of the scenarios envisage that the dominance of the London super-region will be diminished in future. In each case the city is benefiting from existing agglomerations, growing development pressure partly facilitated by preferential levels of public sector investment and supportive national economic policies. Likewise it is also assumed that the devolved administrations will continue throughout to have a different model to England which is supported by higher levels of public subsidy and public sector intervention. What is at issue for the devolved administrations is the extent to which option three which envisages a higher level of public sector support for urban development throughout the UK would further increase the resource base for Scotland , Wales and Northern Ireland.

Notwithstanding the comments made above it is envisaged that the existing system of UK cities will continue to evolve and change. The first pathway projects forward the current resource constrained and partial approach to devolution supported by limited but spatially focused

investment in transport infrastructure. This would favour connected cities such as Manchester, Birmingham and Leeds and damage the competitiveness of Bradford, Liverpool and Newcastle for example. This approach will facilitate the growth of highly productive fragments of the larger cities which will be supported by greater connectivity to London and globally through the growth of airports and universities for example.

This approach could be absorbed into the second pathway, which would allow for both greater devolution and influence for the private sector through liberalising the planning system and creating locally designed fiscal incentives to leverage private sector investment. This model would allow some smaller and medium sized cities to compete with larger areas, even if they do not benefit from larger transport and infrastructure investment. It would also lead to change in spatial form as lower cost peripheral developments would accelerate leading to flat cities with intensive development restricted to Central Business Districts. London, with its international status and different development pressures, would be the exception to this. The public private sector approach depicted in the third pathway would have an explicit policy objective of producing dense and competitive cities which can produce agglomerations which facilitate a higher trajectory for growth. None of the options allow policy makers and politicians to avoid the difficult distributional issues which will emerge in parts of the Midlands and the North where some places will grow strongly while others face an uncertain future.

Intra city disparities will remain a feature of the UK urban landscape through to 2065. In all scenarios the older ex industrial hinterlands and smaller ex manufacturing cities may struggle to maintain function and form. A strong and sustained public private partnership approach may help some to evolve, whilst in other areas managed decline may reduce some of the evident social costs. The first pathway is likely to produce the most negative distributional outcomes in the North of England especially, as a small number of areas are favoured by public policy whilst others lack the resources, governance structures or powers to innovate and compete. The second pathway produces faster growth and development but will also have the twin impacts of speeding up the decline of uncompetitive places and generating potentially unsustainable development in high pressure urban centres and corridors such the M4 in the south of England. The freedoms and flexibilities which devolution will bring are also assumed to impact upon innovation and will allow some cities which are currently struggling to find a competitive edge and niche. The third pathway produces Glaeser's (2011) 'tall cities' which are intensively developed in contrast to the flat cities produced by the second pathway. However, like the private sector-led development scenario, its successful implementation would speed up the decline of the most uncompetitive locations. However, it is assumed that in this scenario there are resources available to address the costs of market failure and to rescale places to allow them to compete from a smaller urban footprint.

Each of the different scenarios set out here will result in different challenges for policy makers and the design of diverse policy instruments and incentives will be a feature of devolution. Innovation stimulated by devolution should result in diverse outcomes between places and an end to the uniformity which has characterised urban policy since the 1960s. Notwithstanding that there are similar policy challenges inherent to all three approaches as central and local government seek to manage change to 2065. Population is growing and will disproportionately relocate in successful places. These places will be faced with providing economic infrastructure to facilitate growth whilst ensuring the market for housing produces the supply needed to house a growing workforce. The UK has yet to produce a framework which can deliver this without very significant public sector intervention. Managing declining places will also be a major challenge looking forward. This point needs some clarification as over the last decade most places have experienced a growth in population and employment and this may lead some to

conclude that this is a problem which no longer applies to the UK. The sustainability of these recent changes must however be in question if growth becomes more balanced nationally, producing a series of highly productive cities with capacity to grow population relatively close to less competitive locations characterised by low productivity economies. Improved transport systems which link city regions to the older industrial hinterlands may mitigate the need to manage down some locations, but this will not apply everywhere.

Managing change within cities while preserving social cohesion and justice is also likely to be viewed as a major challenge to policy makers. Some medium-sized and large cities are now expected to experience a significant increase in population irrespective of economic performance. In some of these places, if economic growth does not materialise then this new feature of British urban policy could mean that a large proportion of the population will not be able to generate the market signals needed to ensure the private sector produces the retail, leisure, housing and employment offer that people may expect in 2065. This could therefore generate greater tension within cities and between cities and regions. The task of accommodating large urban population growth while rebalancing the economy is one of the biggest challenges faced by the UK. However the differential trajectory of cities which has emerged over the last 25 years has challenged the notion that a common set of issues experienced by urban areas requires a uniform urban policy response from central government. The key urban policy challenge is to design a national framework which allows localities to design and implement effective responses which reflect local needs, opportunities and priorities whilst maintaining cohesion at a local and national level.

Like all attempts at foresighting, as opposed to forecasting, the broad brush scenarios presented here are thought experiments rather than predictions. What they all emphasise is the importance of political choice and the conditions that can give rise to decisive changes in direction. There is much that is unpredictable about the future relationship between cities and public policy. Retaining the belief that effective policy frameworks and active, robust institutions are capable of steering change over the long term, and that political action need not be limited to waving or drowning (Kleinman, 2002) will remain critical to determining whether the future cities we get are the ones we deserve.

Appendix - Tables

Table 3.7 Spending on economic affairs and education, by nation, region and regional groupings, 1998-2013

Expenditure (£million)	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Southern England	23,653	25,345	26,779	31,199	34,356	39,217	40,810	43,685	45,888	48,647	51,716	57,042	57,038	53,310	52,507
Northern England	14,831	15,962	17,376	19,673	20,639	23,336	23,479	24,508	25,575	26,954	28,232	29,908	30,372	28,185	27,460
Midlands England	8,875	9,445	10,074	11,565	12,284	13,942	14,927	15,921	16,466	17,455	18,034	19,273	19,306	18,038	17,864
ROUK	12,343	12,981	14,005	15,342	16,407	18,216	18,609	19,956	21,548	22,800	23,411	24,212	24,146	23,936	23,685
London	7,780	8,545	8,793	10,785	12,924	15,364	14,825	15,997	16,935	17,756	18,793	21,151	21,097	19,969	19,243
South East	6,818	7,092	7,545	8,436	9,159	10,056	11,268	11,856	12,429	13,254	14,356	15,215	15,173	13,992	14,099
North West	7,062	7,804	8,334	9,195	9,828	11,020	10,963	11,231	11,883	12,672	13,164	14,210	14,405	13,153	12,822
East	4,449	4,770	5,226	5,975	6,230	7,029	7,553	8,124	8,438	9,192	9,639	11,111	11,318	10,476	10,361
West Midlands	5,149	5,446	5,782	6,569	6,989	7,928	8,344	8,906	9,272	9,858	10,177	10,620	10,743	10,152	9,994
Yorkshire and the Humber	4,961	5,262	5,823	6,803	6,929	7,827	8,097	8,550	8,848	9,204	9,706	10,421	10,609	10,180	9,868
South West	4,606	4,939	5,214	6,002	6,043	6,768	7,165	7,708	8,086	8,445	8,928	9,565	9,449	8,873	8,805
East Midlands	3,726	3,999	4,292	4,996	5,295	6,014	6,584	7,016	7,194	7,597	7,857	8,653	8,564	7,886	7,870
North East	2,808	2,896	3,219	3,674	3,882	4,490	4,419	4,728	4,843	5,079	5,361	5,277	5,358	4,853	4,770
England	47,354	50,752	54,229	62,436	67,279	76,496	79,217	84,114	87,929	93,056	97,982	106,225	106,705	99,523	97,837
Scotland	6,613	6,994	7,452	8,099	8,367	9,657	9,816	10,543	11,941	12,629	12,690	13,006	12,742	12,698	12,928
Wales	3,120	3,316	3,666	4,155	4,596	5,082	5,422	5,811	6,003	6,277	6,581	6,798	6,817	6,839	6,351
Northern Ireland	2,610	2,671	2,887	3,088	3,444	3,478	3,372	3,603	3,603	3,894	4,140	4,408	4,588	4,400	4,406
UK identifiable expenditure	97,826	104,070	10,9476	115,856	121,393	127941	97,826	104,070	109,476	115,856	121,393	130,417	130,898	123,472	121,554

Table 3.8 Ratio of per capita spend on economic affairs and education, relative to UK average, by nation, region and regional groupings 1998-2013

Ratio of per capita spend to UK	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Southern England	0.93	0.92	0.91	0.92	0.94	0.95	0.96	0.96	0.96	0.96	0.97	0.99	0.99	0.98	0.97
Northern England	1.02	1.03	1.05	1.05	1.02	1.02	1	0.98	0.97	0.97	0.97	0.97	0.98	0.97	0.96
Midlands England	0.93	0.92	0.92	0.93	0.91	0.92	0.95	0.95	0.94	0.94	0.93	0.92	0.92	0.91	0.92
ROUK	1.25	1.24	1.25	1.21	1.2	1.18	1.17	1.18	1.21	1.21	1.19	1.15	1.15	1.21	1.22
London	1.09	1.1	1.05	1.12	1.24	1.31	1.23	1.24	1.25	1.24	1.25	1.27	1.25	1.25	1.21
Yorkshire and the Humber	0.98	0.98	1.01	1.04	0.98	0.98	0.98	0.97	0.95	0.94	0.94	0.95	0.97	0.99	0.97
North East	1.08	1.05	1.09	1.1	1.08	1.11	1.06	1.07	1.05	1.04	1.05	0.98	0.99	0.96	0.96
North West	1.02	1.06	1.06	1.03	1.03	1.02	0.98	0.95	0.96	0.97	0.97	0.97	0.98	0.96	0.95
West Midlands	0.96	0.95	0.95	0.95	0.93	0.94	0.96	0.96	0.96	0.96	0.95	0.92	0.92	0.93	0.93
East	0.82	0.82	0.84	0.84	0.81	0.81	0.84	0.85	0.83	0.85	0.85	0.92	0.93	0.92	0.92
East Midlands	0.88	0.89	0.89	0.91	0.89	0.89	0.94	0.94	0.91	0.91	0.9	0.92	0.91	0.89	0.9
South West	0.93	0.93	0.92	0.92	0.86	0.85	0.87	0.88	0.87	0.86	0.87	0.87	0.86	0.86	0.86
South East	0.85	0.82	0.81	0.8	0.81	0.78	0.85	0.84	0.83	0.84	0.87	0.85	0.85	0.83	0.85
Northern Ireland	1.52	1.47	1.48	1.39	1.44	1.28	1.21	1.21	1.14	1.16	1.18	1.17	1.22	1.24	1.27
Scotland	1.28	1.27	1.27	1.22	1.17	1.2	1.18	1.2	1.29	1.29	1.24	1.19	1.17	1.23	1.28
Wales	1.05	1.05	1.09	1.09	1.11	1.09	1.13	1.14	1.12	1.11	1.11	1.07	1.07	1.14	1.08
England	0.95	0.95	0.95	0.96	0.96	0.96	0.97	0.96	0.96	0.96	0.96	0.97	0.97	0.96	0.96
UK identifiable expenditure	17.54	17.45	17.54	17.48	17.38	17.29	17.28	17.28	17.2	17.21	17.2	17.08	17.13	17.23	17.21

Table 3.9 Spending on welfare services (health plus social protection) by nation, region and regional groupings, 1998-2013

Expenditure (£million)	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Southern England	64,263	68,618	72,814	78,130	84,010	92,174	100,467	105,685	110,290	117,840	128,025	139,133	144,151	148,871	155,162
Northern England	41,673	43,934	46,560	50,048	54,001	57,898	61,866	65,143	67,391	71,557	77,663	84,892	86,756	89,010	92,595
Midlands England	24,243	25,655	27,212	29,853	31,625	34,459	37,236	39,857	41,724	44,541	48,388	52,927	54,185	56,408	58,515
ROUK	29,541	31,480	33,164	35,948	38,835	42,041	44301	46,714	48,623	51,808	55,466	59,311	60,867	62,365	64,992
London	20,690	21,683	23,004	24,642	26,803	29,409	31,925	33,676	34,530	37,287	39,940	43,270	45,162	45,830	47,583
South East	18,573	20,002	21,127	22,785	24,251	26,684	28,985	30,203	32,068	34,067	37,153	40,517	41,978	43,646	45,560
North West	20,295	21,327	22,566	24,265	26,226	28,112	29,689	31,249	32,368	34,428	37,199	40,673	41,495	42,810	44,572
West Midlands	14,008	14,774	15,640	17,202	18,283	19,854	21,366	22,860	23,976	25,531	27,637	30,300	30,986	31,943	33,050
East	12,523	13,443	14,206	15,222	16,682	18,193	19,829	21,097	22,114	23,361	25,684	28,485	29,407	30,290	31,590
Yorkshire and the Humber	13,590	14,345	15,235	16,223	17,495	18,969	20,434	21,676	22,419	23,797	25,993	28,207	28,838	29,894	31,076
South West	12,477	13,490	14,478	15,481	16,274	17,889	19,728	20,709	21,579	23,125	25,248	26,861	27,605	29,105	30,429
East Midlands	10,235	10,881	11,572	12,651	13,342	14,605	15,870	16,996	17,749	19,010	20,751	22,628	23,199	24,465	25,465
North East	7,788	8,262	8,759	9,560	10,280	10,817	11,743	12,218	12,605	13,332	14,470	16,012	16,422	16,306	16,947
England	130,178	138,207	146,587	158,031	169,635	184,531	199,569	210,685	219,405	233,937	254,075	276,968	285,108	294,321	306,243
Scotland	15,089	16,244	17,022	18,678	20,237	21,900	22,818	24,177	24,886	26,589	28,461	30,411	31,275	31,867	33,391
Wales	9,257	9,841	10,373	10,782	11,605	12,531	13,537	14,267	14,883	15,734	16,881	17,981	18,538	19,020	19,522
Northern Ireland	5,195	5,394	5,769	6,488	6,993	7,610	7,946	8,270	8,854	9,485	10,124	10,919	11,055	11,477	12,080
UK identifiable expenditure	159,719	169,687	179,752	193,979	208,471	226,572	243,870	257,399	268,028	285,746	309,542	336,310	345,966	356,684	371,287

Table 3.10 Ratio of per capita spend on welfare services (health plus social protection), relative to UK average, by nation, region and regional groupings 1998-2013

Ratio of per capita spend to UK	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Northern England	1.07	1.06	1.07	1.07	1.07	1.06	1.05	1.05	1.05	1.05	1.05	1.06	1.06	1.06	1.06
Midlands England	0.94	0.94	0.94	0.96	0.94	0.95	0.95	0.96	0.97	0.97	0.97	0.98	0.98	0.99	0.98
Southern England	0.94	0.94	0.93	0.93	0.93	0.93	0.95	0.94	0.94	0.94	0.94	0.94	0.94	0.94	0.94
ROUK	1.12	1.13	1.13	1.13	1.14	1.14	1.12	1.12	1.12	1.12	1.11	1.09	1.1	1.09	1.09
North East	1.12	1.12	1.13	1.15	1.15	1.12	1.13	1.12	1.11	1.11	1.11	1.15	1.15	1.11	1.12
North West	1.1	1.09	1.09	1.09	1.1	1.09	1.07	1.07	1.07	1.07	1.07	1.08	1.07	1.08	1.08
West Midlands	0.97	0.97	0.97	0.99	0.98	0.98	0.98	1	1.01	1.01	1.01	1.01	1.01	1.01	1
Yorkshire and the Humber	1	1	1.01	0.99	1	1	0.99	0.99	0.99	0.98	0.99	1	0.99	1	1
London	1.09	1.05	1.04	1.03	1.03	1.05	1.06	1.06	1.04	1.05	1.04	1.01	1.02	0.99	0.98
South West	0.94	0.96	0.96	0.95	0.93	0.94	0.96	0.95	0.95	0.95	0.96	0.95	0.95	0.97	0.98
East Midlands	0.91	0.91	0.91	0.92	0.9	0.9	0.91	0.92	0.92	0.92	0.93	0.94	0.93	0.96	0.96
East	0.86	0.87	0.87	0.86	0.88	0.88	0.88	0.89	0.89	0.88	0.89	0.92	0.92	0.92	0.92
South East	0.86	0.87	0.87	0.87	0.86	0.87	0.88	0.86	0.88	0.87	0.88	0.88	0.89	0.89	0.9
Northern Ireland	1.13	1.11	1.12	1.17	1.17	1.17	1.14	1.12	1.15	1.15	1.13	1.13	1.11	1.12	1.14
Wales	1.17	1.17	1.17	1.13	1.13	1.12	1.13	1.13	1.13	1.13	1.12	1.09	1.1	1.1	1.09
Scotland	1.09	1.11	1.1	1.12	1.14	1.14	1.1	1.11	1.1	1.1	1.09	1.08	1.09	1.07	1.08
England	0.98	0.97	0.98	0.97	0.97	0.97	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
UK identifiable expenditure	17.29	17.27	17.29	17.33	17.32	17.31	17.28	17.27	17.3	17.28	17.27	17.29	17.29	17.28	17.3

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